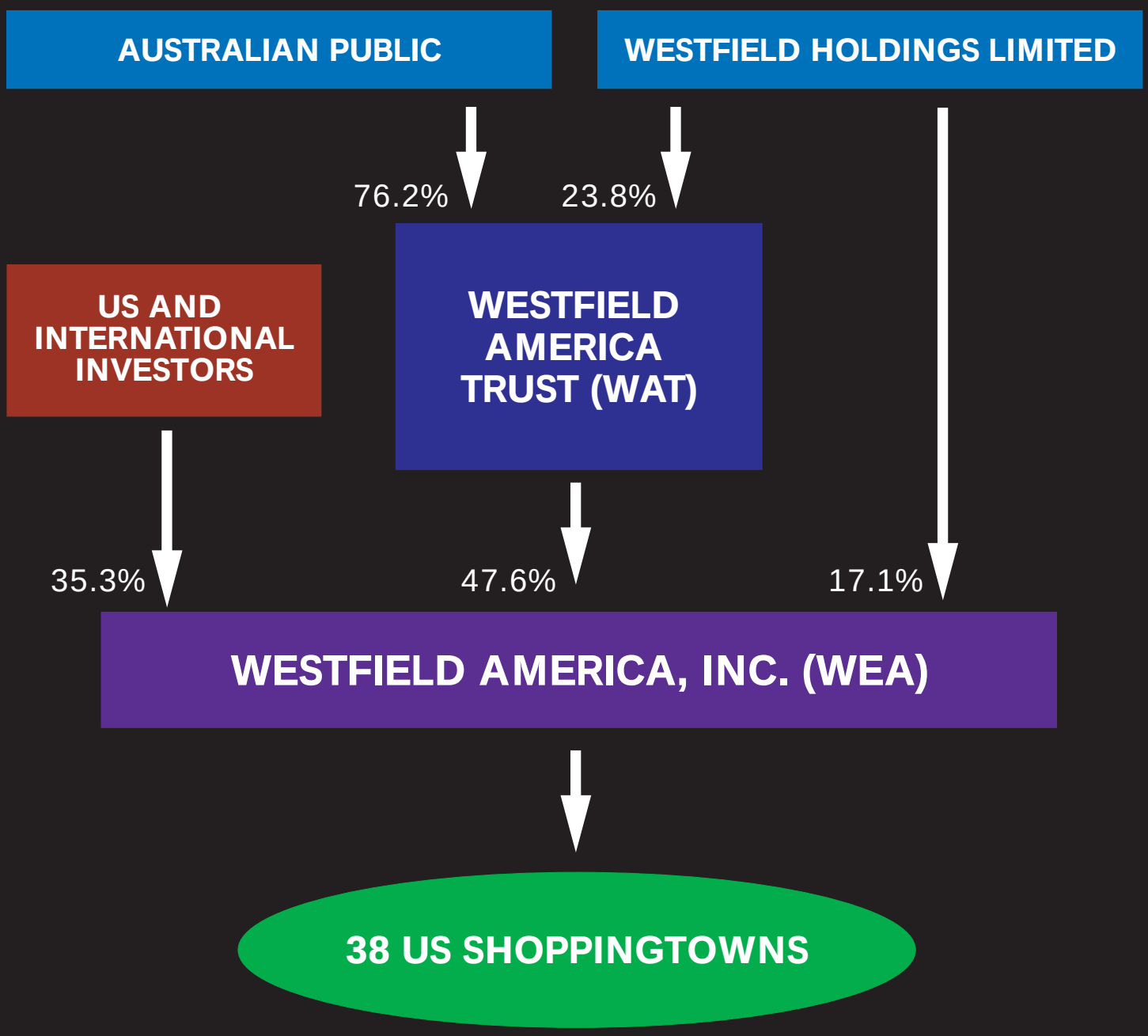
WESTFIELD AMERICA TRUST

Annual Report 1998

as at 31 December 1998

WESTFIELD AMERICA TRUST

THE STRUCTURE



Westfield

(Economic interests – WEA C&D Preference Shares treated as equity)

the growth of westfield america trust

Westfield America Trust is an Australian listed property trust, established in 1996, which achieved its second strong full year result in 1998 with profits and returns to unitholders above expectations.

Westfield America Trust's sole investment is a 47.6% interest in Westfield America, Inc., the fourth-largest regional mall Real Estate Investment Trust (REIT) in the United States.

At 31 December 1998, Westfield America Trust was the third-largest property trust listed on the Australian Stock Exchange.

In a year focused strongly on acquisitions, the Westfield America portfolio grew from 25 shopping centres to 38 Shoppingtowns spread over nine states of America and anchored by many of the country's leading retailers.

performance of westfield america trust

Westfield America, Inc. was listed on the New York Stock Exchange in May 1997, with the goal of positioning investors in Westfield America Trust and Westfield America, Inc. for future income and capital growth.

That goal was achieved in 1998.

Profit for Westfield America Trust was up 16.8% on 1997 which represents 10.20 cents per unit – 10.1% over last year and 9.6% above the original prospectus forecast for the year of 9.31 cents per unit.

In 1998 Westfield America Trust's total return to unitholders (comprising income and capital growth) was 46.06% compared with 17.95% for the Property Trust Index and 11.63% for the All Ordinaries Index (see table right).

Total assets of the Trust were up 91% to *$7.4 billion for 1998. The Trust had a market capitalisation of $1.6 billion at 31 December 1998 up from $1.06 billion at 31 December 1997.

* All amounts are expressed in A$ except where indicated.

COMPOUND ANNUAL RATES OF RETURN (%P.A.)

AS AT 31 DECEMBER 1998

	ONE YEAR	TWO YEARS	SINCE LISTING JULY 1996
WESTFIELD AMERICA TRUST (WFA)	46.06%	35.74%	34.09%
PROPERTY TRUST INDEX	17.95%	19.12%	20.84%
ALL ORDINARIES INDEX	11.63%	11.93%	13.84%

Calculated by the Australian Stock Exchange, inclusive of income and capital growth

FINANCIAL HIGHLIGHTS

DECEMBER 1998

	US$ MILLIONS	% CHANGE	A$ MILLIONS	% CHANGE
Total Assets	4,553.0	+79.5%	7,421.7	+91.1%
Net Assets	1,500.3	+16.8%	2,475.3	+25.6%
Unitholders' Equity	773.5	+18.6%	1,275.6	+27.5%
Earnings before Abnormal Items and Withholding Tax	136.2	+20.9%	199.5	+35.4%
	1996	1997	1998	1997/1998 % CHANGE
Number of Ordinary Units on Issue (Millions)	626.9	822.4	904.6	
Net Asset Backing – (A$ Per Unit)	$1.03	$1.22	$1.41	+15.6%
Earnings after Withholding Tax and Before Abnormal Items (A cents per unit)	4.24c	9.26c	10.20c	+10.1%

progress 1996 – 1998

ACQUISITIONS

DEVELOPMENTS

Portfolio of 19 regional malls & 3 power centres

Mid Rivers Mall *(JCPenney & specialties)*

Annapolis Mall (additional 70%)

Wheaton Plaza (68%)

Meriden Square (additional 50%)

Enfield Square *(Sears)*

South Shore Mall *(Sears & specialties)*

Northwest Plaza (100%)

Mission Valley Center *(new power centre)*

Eastland Center *(new Power centre)*

Crestwood Plaza (100%)

PROPERTY ACQUISITIONS & DEVELOPMENT

CAPITAL EVENTS

CAPITAL EVENTS

Westfield America Trust (WAT) - ASX listing

Bonus unit issue by WAT

Westfield America, Inc. (WEA) - NYSE listing

Issue 32.5m WAT units

Announcement - TrizecHahn acquisition of 12 centres

progressive settlements

The Promenade (100%)

Independence Mall (60%)

Annapolis Mall *(Lord & Taylor)*

Independence Mall (additional 10%)

TrizecHahn acquisition completion

Topanga Plaza (additional 58%)

Mission Valley - West *(stage 1)*

South Shore Mall *(Lord & Taylor)*

Santa Anita Fashion Park (additional 50%)

Capital Mall (additional 51%)

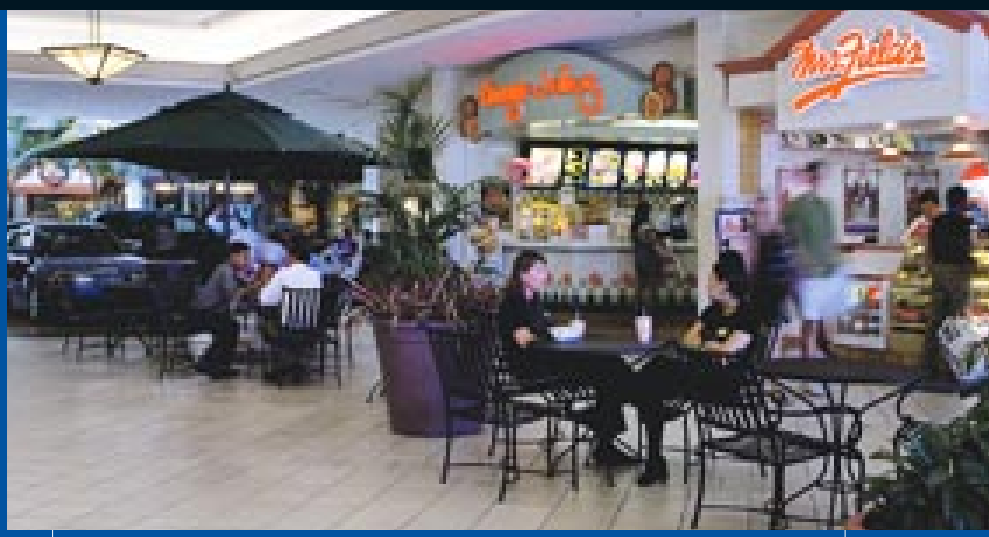
Enfield Square *(Hoyts Cinema)*

WEA exercises options over shares in Westfield Holdings Limited

WAT Partly Paid Units listed on ASX

WEA Capital Notes listed on ASX

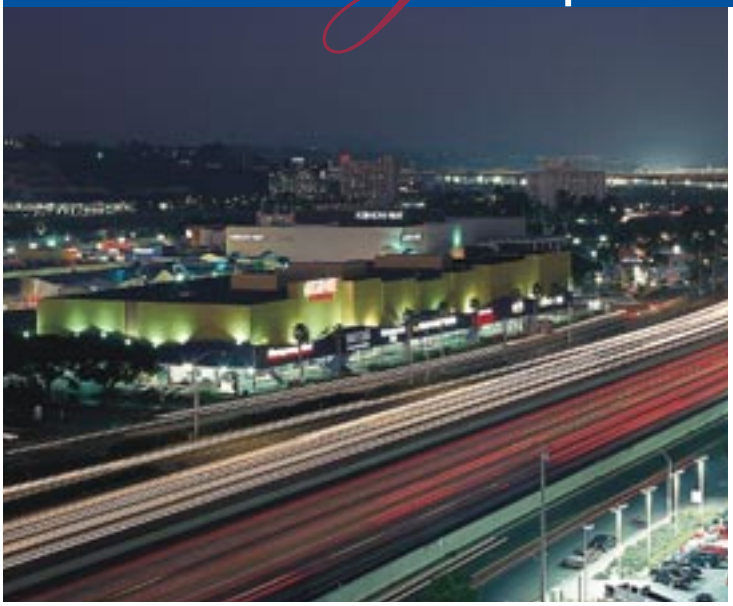
Issue 82.2 m WAT Units



WEA issues US$200 m preference shares & WAT subscribes for US$75 m preference shares

WEA issues US$75 m preference shares & WAT subscribes for US$25 m preference shares

manager's report



MISSION VALLEY CENTER AT NIGHT

Westfield America Trust's second full year of operation produced another strong result for unitholders.

OVERVIEW

Westfield America Trust's second full year of operation produced another strong result for unitholders.

Profit to 31 December 1998 was $88.1 million for the year, an increase of 16.8% over 1997.

This represents 10.20 cents per unit, an increase of 10.1% over last year and 9.6% above the original prospectus forecast for the year of 9.31 cents per unit.

The profit, which is after allowing for US withholding tax (for which Australian investors receive a tax credit), was principally derived from the Trust's investment in Westfield America, Inc., a US Real Estate Investment Trust (REIT) listed on the New York Stock Exchange.

The US$ earnings were converted at an average exchange rate of US$0.7412 pursuant to pre-existing hedging arrangements (which expired in December 1998).

The Trust also reported an abnormal profit after tax of $49.2 million resulting in total after-tax earnings of $137.3 million.

The cash distribution to ordinary unitholders for the 1998 year is 9.75 cents per unit. An interim distribution of 4.6 cents per unit was paid in August 1998 and a final distribution of 5.15 cents per unit was paid on 26 February 1999 to all unitholders as at the Record Date of 12 February.

The 1998 result reflects the high quality of the shopping centres in the Westfield America portfolio and the increase in earnings per unit was particularly pleasing given the effect of raising equity in the first half of the year in advance of the TrizecHahn acquisitions which were completed in the second half of the year.

The Prospectus issued when Westfield America Trust was established in 1996 contained income projections for the period to 31 December 1998.

The performance of the Trust exceeded those forecasts for each reporting period over the two-and-a-half years. (See table right.)

ACQUISITIONS

Property acquisitions during 1998 exceeded US$1.8 billion.

The interests held by partners in three of the jointly owned properties in the portfolio were also acquired during the period.

As a result of these acquisitions, Westfield America, Inc. now owns a portfolio of 35 regional shopping centres and three power centres comprising 3.3 million square metres of retail space.

TrizecHahn portfolio

In April, Westfield America, Inc. announced its intention to acquire interests in a portfolio of regional and super regional shopping centres from TrizecHahn for approximately US$1.4 billion. The 12 properties acquired, of which nine were wholly owned and three were partial

PROSPECTUS AND PRIOR YEAR RETURN COMPARISON (AUSTRALIAN CENTS PER UNIT)

	1998			1997			1996*		
	actual	prospectus	% increase	actual	prospectus	% increase	actual	prospectus	% increase
Earnings before Withholding Tax	10.94c	10.25c	+6.7%	9.98c	9.97c	+0.1%	4.64c	4.53c	+2.4%
Earnings after Withholding Tax	10.20c	9.31c	+9.6%	9.26c	9.02c	+2.7%	4.24c	4.10c	+3.4%

* Half year ended 31 December 1996

The above table excludes abnormal items and tax thereon.

interests, contain 1.1 million square metres of leasable area and were acquired progressively through to November.

The shopping centres, in order of acquisition, were:

Valley Fair (San Jose, California)
University Towne Centre (San Diego, California)
Santa Anita Fashion Park (Arcadia, California)
Parkway Plaza (El Cajon, California)
Solano Mall (Fairfield, California)
Capital Mall (Olympia, Washington)
Fox Hills Mall (Culver City, California)
Oakridge Mall (San Jose, California)
Downtown Plaza (Sacramento, California)
Horton Plaza (San Diego, California)
North County Fair (Escondido, California)
Los Cerritos Center (Cerritos, California)

Three new properties

Westfield America, Inc. acquired Crestwood Plaza (Crestwood, Missouri) and The Promenade (Los Angeles, California) as well as a 70% interest in Independence Mall (Wilmington, North Carolina) for approximately US$200 million during the year. These centres have a total of 222,000 square metres of leasable area.

Remaining partnership interests

Westfield America, Inc. acquired the interests of its partners in a number of joint venture properties for approximately US$200 million. These were Topanga Plaza (Canoga Park, California) 58%; Santa Anita Fashion Park (Arcadia, California) 50%; and Capital Mall (Olympia, Washington) 51%.

The new centres have considerably strengthened the Westfield America, Inc. portfolio making it the fourth-largest regional mall Real Estate Investment Trust in the US. The company is now the largest shopping centre owner in California where 20 of its 38 Shoppingtowns are located.

CAPITAL RAISINGS

A number of steps were taken during the year to arrange the capital required for the acquisitions.

Sale of Westfield Holdings shares

In April, Westfield America, Inc. realised US$99.7 million from the sale of shares in Westfield Holdings Limited which it received following the exercise of options.

Issue of Capital Notes

In June, Westfield America, Inc. issued $465 million (approximately US$300 million) of subordinated Capital Notes to Australian investors. The Capital Notes are to be repaid in three equal instalments in June 2001, 2002 and 2003.

Concurrently with the issue of the Capital Notes, Westfield America Trust entered into a subscription agreement with Westfield America, Inc. to purchase approximately US$300 million of Westfield America, Inc.'s common stock in three equal instalments in June 2001, 2002 and 2003 using the proceeds from an underwritten issue of Partly Paid Units.

Issue of Preference Shares

On 30 June 1998, Westfield America Trust issued 82.2 million ordinary units, the proceeds of which were used to subscribe for US$75 million convertible preference shares issued by Westfield America, Inc. in August 1998. Westfield America, Inc. also issued convertible preference shares to a major REIT investor, Security Capital Preferred Growth Incorporated (US$75 million), and Westfield Holdings Limited (US$50 million) for a total capital raising of US$200 million.

manager's report

On 23 December 1998, Westfield America Trust subscribed for US$25 million of convertible preference shares issued by Westfield America, Inc. as part of a total capital raising of US$75 million.

REDEVELOPMENTS

During 1998 three redevelopments were completed, at Annapolis Mall, (Annapolis, Maryland), Enfield Square (Enfield, Connecticut), and South Shore Mall (Bay Shore, New York).

Development work is currently under way at:

- Mission Valley - West (San Diego, California) - stage two of a new power centre comprising big box retailers and restaurants is due to open in 1999.
- Meriden Square (Meriden, Connecticut) - a new Lord & Taylor department store as well as 6,500 square metres of specialty stores are planned for completion in late 1999.
- Crestwood Plaza (St. Louis, Missouri) - an additional 2,500 square metres of specialty stores will be completed in the second half of 1999.
- Eastland Shopping Center (Los Angeles, California) - an additional 2,700 square metres of leasable space is scheduled for completion in February 1999.

In addition to the developments currently under way, Westfield America, Inc. has identified a number of properties, including many of the newly acquired properties, as suitable for redevelopment with work to start within the next five years. These redevelopments amount to approximately US$1.3 billion and include the following projects which will commence in 1999:

- Valley Fair (San Jose, California) - a US$150 million redevelopment including a 21,000 square metre Nordstrom department store and approximately 26,000 square metres of specialty stores which is scheduled for completion in the second half of 2001.
- Annapolis Mall (Annapolis, Maryland) - a US$22 million redevelopment incorporating a new multi-screen cinema complex and specialty stores due for completion in 2000.
- Mid Rivers Mall (St. Peters, Missouri) - a US$13 million redevelopment incorporating a new multi-screen cinema complex and 5,800 square metres of leasable space.
- Connecticut Post Mall (Milford, Connecticut) - a US$28 million redevelopment which will add an 18,000 square metre Sears department store and 4,100 square metres of specialty stores.

PROPERTY OPERATIONS

Total specialty store sales in the existing Westfield America portfolio for the year to December 1998 were approximately US$3.1 billion which, on a comparable per square metre basis, was a 4.2% increase over the same period last year.

Sales in the portfolio have increased at around 4% a year for each of the past three years.

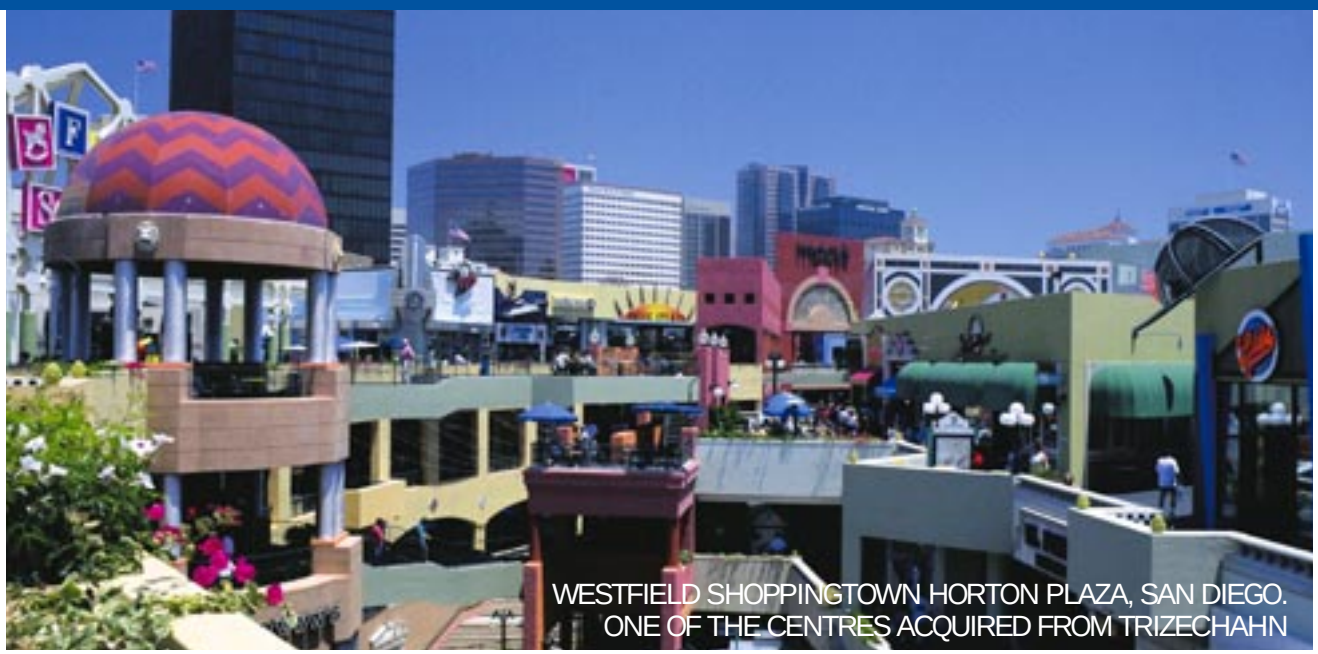
Fashion sales for 1998 were particularly strong across the portfolio, increasing by a total of 7.1% over 1997. Sales of women's fashion were up 7.9% and unisex fashion up 7.1%.

Specialty store space excluding the TrizecHahn portfolio was 95% leased (93% last year), and the TrizecHahn portfolio was 89% leased compared to 87% in July 1998 when management of the portfolio was transferred to Westfield.

PROPERTY REVALUATIONS

Pursuant to the Trust Deed, Westfield America Trust revalues its centres every three years by rotation.

Eight properties were independently revalued during 1998 resulting in a net increase of $57.1 million in revaluation reserves.



WESTFIELD SHOPPINGTOWN HORTON PLAZA, SAN DIEGO.
ONE OF THE CENTRES ACQUIRED FROM TRIZECHAHN

UNITS ON ISSUE

At 31 December 1998 there were 904.6 million Ordinary Units and 9.3 million Partly Paid Units on issue. The table below contains details of issues during 1998:

details	allotment date	units
Public offering	19 June 1998	3.1 million Partly Paid Stapled Securities
Placement	30 June 1998	82.2 million Ordinary Units

THE FUTURE

The US retail market is dynamic and expanding and Westfield America Trust's investment in a growing portfolio of quality shopping centres is well placed for future growth.

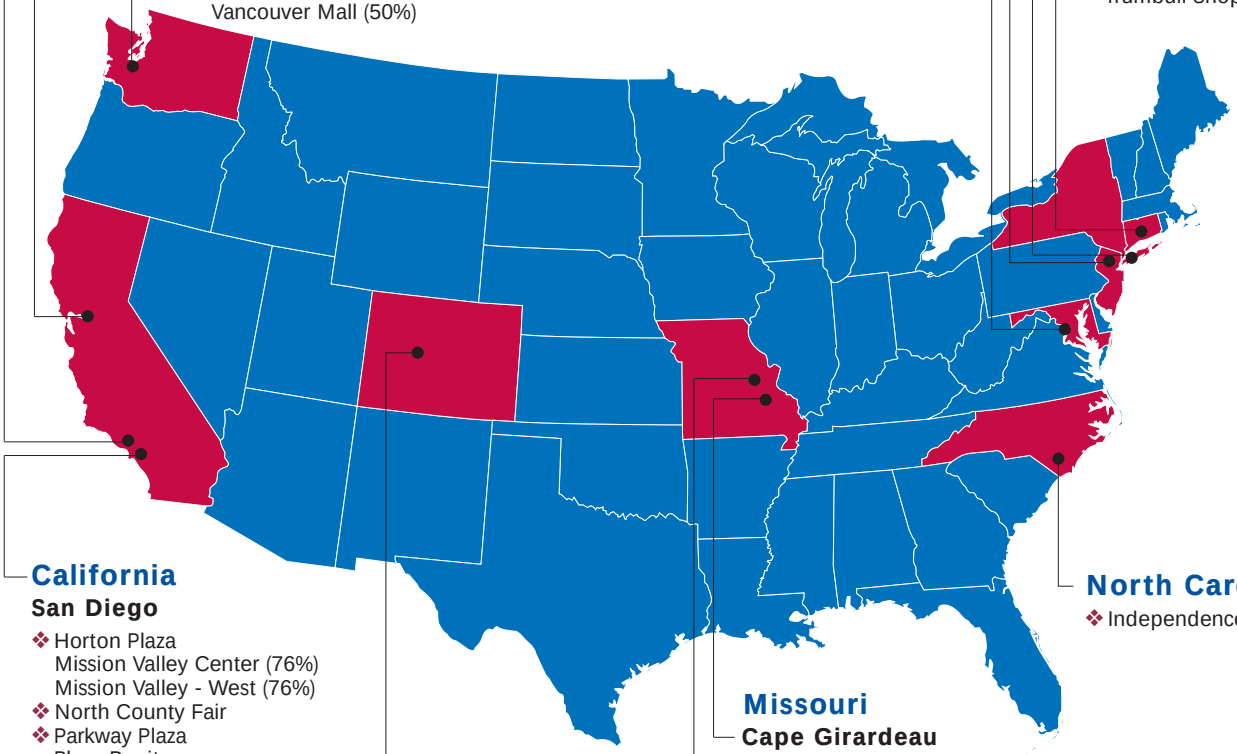
In the immediate future, the major expansion of the portfolio which occurred in 1998 will be consolidated, ensuring returns from new and existing centres achieve their potential.

While Westfield America, Inc. is the fourth-largest regional mall Real Estate Investment Trust in the US, there is still substantial potential for growth in the market with Westfield Shoppingtowns servicing just 10% of the US population.

As direct ownership of shopping centres moves from the hands of private investors and into securitised investment vehicles, opportunities may arise for further acquisitions that fit Westfield's acquisition strategy.

We move into 1999 with a much stronger portfolio designed to capitalise on the continuing strength in the US economy to increase unitholders' total returns.

portfolio
westfield america



California
Los Angeles
- Eagle Rock Plaza
- Eastland Shopping Center
- ❖ Fox Hills Mall
- ❖ Los Cerritos Center
- The Plaza at West Covina
- ❖ The Promenade
- ❖ Topanga Plaza
- ❖ Santa Anita Fashion Park (89.7%)

San Jose
- ❖ Downtown Plaza
- ❖ Oakridge Mall
- ❖ Solano Mall
- ❖ Valley Fair (50%)

Washington
- ❖ Capital Mall
- Vancouver Mall (50%)

Maryland
- Annapolis Mall
- Montgomery Mall
- Wheaton Plaza (68%)

(remaining 32% acquired February 1999)

New Jersey
- Garden State Plaza (50% under option)

New York
- South Shore Mall

Connecticut
- Connecticut Post Mall
- Enfield Square
- Meriden Square
- Trumbull Shopping Park

California
San Diego
- ❖ Horton Plaza
- Mission Valley Center (76%)
- Mission Valley - West (76%)
- ❖ North County Fair
- ❖ Parkway Plaza
- Plaza Bonita
- Plaza Camino Real (40%)
- ❖ University Towne Centre

Colorado
- Westland Towne Center

Missouri
Cape Girardeau
- West Park Mall

St. Louis
- ❖ Crestwood Plaza
- Mid Rivers Mall
- Northwest Plaza
- South County Center
- West County Center

North Carolina
- ❖ Independence Mall (70%)

❖ Interests acquired during 1998

WESTFIELD AMERICA'S REGIONAL MARKETS
AS AT 31 DECEMBER 1998

REGION	NO. OF CENTRES	BOOK VALUE A$ MILLIONS	TOTAL LEASABLE AREA (SQUARE METRES)*	SPECIALTY LEASABLE AREA (SQUARE METRES)*	NO. OF SPECIALTY RETAILERS
West Coast	22	3,953.8	1,905,400	759,800	2,797
Mid West	7	825.8	550,400	210,300	739
East Coast	9	2,022.4 (a)	810,900	314,300	1,181
TOTAL	38	6,802.0 (a)	3,266,700	1,284,400	4,717

* Areas are rounded to the nearest 100 square metres and exclude office suites.
(a) Excludes the acquisition of the additional 32% interest of Wheaton Plaza in February 1999 for US$38.4 million.

NORTH COUNTY FAIR, SAN DIEGO, CALIFORNIA

westfield america trust

INVESTMENT STRATEGY

The TrizecHahn Acquisition

Westfield America's investment strategy is to acquire and redevelop regional shopping malls that are geographically clustered in stable and economically strong markets.

During 1998, the acquisition of the TrizecHahn portfolio clearly demonstrated the three elements that work together to ensure this strategy builds returns for unitholders over both the immediate and long term:

Regional Clustering

By strategically clustering shopping centre assets in major metropolitan marketplaces, Westfield gains greater efficiencies in leasing, operations, management and marketing.

Westfield Branding

The Westfield Shoppingtown brand was launched throughout the portfolio in 1998. The branding of shopping centres is unique to Westfield in the shopping centre industry and a first for the United States. The Westfield Shoppingtown brand aims to ensure maximum benefits from clustering.

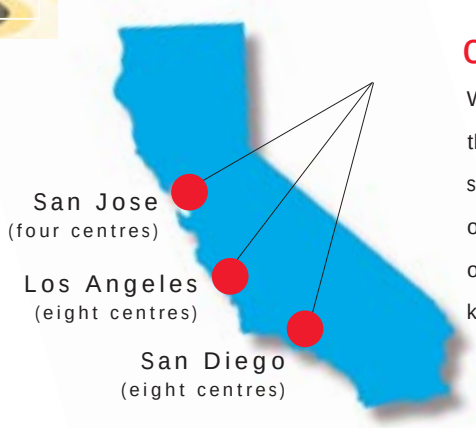
Growth Potential

Westfield focuses on acquiring shopping centres that have the potential to increase their market share through redevelopment and more effective management.

The following pages examine each of these three elements of the investment strategy as they relate to the TrizecHahn acquisition.

university towne centre

One of Westfield's eight shopping centres in San Diego.



california

Westfield is now the largest shopping centre owner in California operating in three key markets.

BOOSTING MARKET SHARE

Westfield America, Inc. now operates clusters of shopping centres in six major metropolitan markets in the United States - Washington D.C., Connecticut, Los Angeles, San Diego, San Jose and St. Louis.

Westfield is the largest owner of regional shopping malls in each of these markets.

In San Diego the acquisition of the TrizecHahn shopping centres added four shopping centres to the existing portfolio. Westfield America now owns eight of the city's nine regional malls and one power centre.

The trade areas of these Westfield Shoppingtowns cover 100% of San Diego County's 2.7 million people.

During 1998, Westfield's Shoppingtowns enjoyed retail sales of US$3.1 billion in San Diego, with specialty store sales up 4.2% per square metre on 1997.

In a region such as San Diego, proximity allows management expertise and personnel to be shared between the shopping centres to ensure integration of new centres with the existing portfolio. Retaining the centre-specific knowledge of some staff, while transferring others between centres ensures information is shared and the Westfield management structure implemented efficiently.

By owning the major share of regional shopping centres in San Diego, Westfield can also offer convenient and comprehensive leasing opportunities for retailers who wish to grow their business.

In the past, for example, a retailer wishing to expand into San Diego would have had to deal with several different landlords and their various leasing, marketing and administrative systems. With Westfield, retailers are able to enter the market and gain access to space in the major regional malls. This makes the setup of a distribution network in the region more cost-effective for their business.

regional clusters

HORTON PLAZA, SAN DIEGO, CALIFORNIA

Westfield SHOPPINGTOWN

Branding trend hits Valley Fair

Parent corporation puts stamp on mall

BY CHARLIE MCCOLLUM
Mercury News Retail Writer

Valley Fair isn't just Valley Fair anymore.

The South Bay's premier mall is now a Westfield Shoppingtown. The new Westfield logo has been added to signs inside and outside the vast retail center, leaving some shoppers

SHOPPINGTOWNS HIT THE FRONT PAGE

THE SAN JOSE *MERCURY NEWS*
SEPTEMBER 24, 1998

EXPORTING SHOPPINGTOWNS TO THE USA

Some of the world's biggest and best known brands such as Coca-Cola and McDonald's originated in the US, and yet the idea of branding shopping centres is entirely new to the American shopping centre market.

Westfield Shoppingtowns are well known in Australia, with the word Shoppingtown a Westfield trademark for several decades.

The Westfield Shoppingtown brand was launched through the whole Westfield America portfolio in November 1998 with a multimedia campaign that included network television in those regions with clusters of shopping centres.

The ability to brand the shopping centres as Westfield Shoppingtowns is a direct result of the market penetration which Westfield has achieved through targeted acquisitions.

In California, the TrizecHahn acquisition made Westfield the biggest shopping centre owner in the state with 20 centres in three markets - San Jose, Los Angeles and San Diego.

Traditional advertising such as press and radio in these markets has been reduced in favour of sophisticated network television advertising that can reach the entire population.

According to the San Diego *Union Tribune: "The strategy behind Westfield's expansion is to make its name and logo as familiar to consumers as the printing on a Nordstrom shopping bag."*

Westfield advertising aims to do more than just boost customer traffic at key shopping periods such as back-to-school and Christmas. It also aims to promote the customer service initiatives and community programs that differentiate a Shoppingtown from its competition.

The goal is to make the brand Westfield Shoppingtown synonymous with more than just great shopping. A Shoppingtown, as the name suggests, is also an important centre of community activity – a new version of Main Street – that is safe, comfortable, accessible and convenient.

shoppingtowns

westfield branding

NEW CUSTOMER SERVICE DESKS AND THE WESTFIELD 'CUSTOMER PROMISE' HELP TO DISTINGUISH SHOPPINGTOWNS FROM THEIR COMPETITION.

INTENSIVE MANAGEMENT AND INVESTING IN REDEVELOPMENTS

Shopping centres have to grow with their local communities to remain relevant.

Sometimes the necessary changes can be made by bringing new retail formats into a shopping centre or introducing innovative customer services. In a fast changing retail market, however, maintaining relevance requires intensive management – which also enables Westfield to identify when it is time to invest in redevelopment.

Westfield management has close to 40 years experience in maximising the market share of shopping centres through improving their design and increasing floor space. That expertise has been harnessed in the US business to boost returns for Westfield America Trust investors.

Many of the lessons Westfield management learned in Australia – where the retail market is competitive, shopping centre sites are tight and planning laws are strict – have been successfully exported to shopping centres in the US.

The results have included:

- higher returns on existing leasable area with a focus on maximising casual leases for niche product and new-trend retailers;
- creative development of more leasable area into existing sites by building below and on top of existing shopping centres;
- attracting the best anchor department stores through strong business-to-business relationships; and
- better use of space for customer services such as roof-top car parking which Westfield has successfully introduced to some of its Shoppingtowns in the US.

The shopping centres acquired from TrizecHahn in 1998 have the potential to improve their current market share through Westfield's management and redevelopment expertise.

Valley Fair in San Jose, California, for example, which is part of a planned US$1.3 billion redevelopment program, is already in its final planning stages for a major redevelopment scheduled to begin in 1999.

The US$150 million redevelopment will include a 21,000 square metre Nordstrom department store and approximately 26,000 square metres of specialty stores. It is scheduled for completion in the second half of 2001.

growth potential

VALLEY FAIR, SAN JOSE, CALIFORNIA WILL BE THE FIRST OF THE 1998 ACQUISITIONS TO BE REDEVELOPED

property profiles AS AT 31 DECEMBER 1998

		MARKET/ LOCATION	WEA EQUITY	BOOK VALUE AS AT 31/12/98 A$ MILLIONS	BOOK VALUE AS AT 31/12/98 US$ MILLIONS	TOTAL LEASABLE AREA SQ M*	SPECIALTY LEASABLE AREA SQ M*
WEST COAST	**CALIFORNIA**						
	Downtown Plaza	Northern California	100%	245.8	150.6	108,300	34,900
	Eagle Rock Plaza	Los Angeles	100%	47.8	29.3	43,900	15,100
	Eastland Shopping Center	Los Angeles	100%	86.7	53.1	67,800	47,900
	Fox Hills Mall	Los Angeles	100%	131.5	80.5	82,600	31,300
	Horton Plaza	San Diego	100%	343.2	210.2	74,300	40,800
	Los Cerritos Center	Los Angeles	100%	312.5	191.4	116,000	41,600
	Mission Valley Center	San Diego	76%	205.1	125.6	127,000	46,100
	Mission Valley-West	San Diego	76%	(a)	(a)	19,800	19,800
	North County Fair	San Diego	100%	251.5	154.0	116,700	34,900
	Oakridge Mall	Northern California	100%	129.8	79.4	74,000	30,600
	Parkway Plaza	San Diego	100%	270.0	165.4	95,900	39,900
	Plaza Bonita	San Diego	100%	206.4	126.4	76,300	29,100
	Plaza Camino Real	San Diego	40%	79.1	48.4	106,700	39,900
	Santa Anita Fashion Park	Los Angeles	90%	225.1	137.9	101,900	36,500
	Solano Mall	Northern California	100%	148.9	91.3	94,000	32,800
	The Plaza at West Covina	Los Angeles	100%	242.3	148.4	109,000	48,800
	The Promenade	Los Angeles	100%	56.7	34.7	55,700	18,600
	Topanga Plaza	Los Angeles	100%	253.8	155.4	97,500	34,500
	University Towne Centre	San Diego	100%	306.1	187.5	96,000	40,800
	Valley Fair	Northern California	50%	251.8	154.3	105,700	43,600
	WASHINGTON						
	Capital Mall	Olympia	100%	89.9	55.1	55,900	22,200
	Vancouver Mall	Vancouver	50%	69.8	42.8	80,400	30,100
	TOTAL WEST COAST			3,953.8	2,421.7	1,905,400	759,800
MIDWEST	**MISSOURI**						
	Crestwood Plaza	St Louis	100%	174.3	106.7	93,400	37,500
	Mid Rivers Mall	St Louis	100%	154.9	94.9	86,000	33,800
	Northwest Plaza	St Louis	100%	183.6	112.5	157,000 (b)	67,000
	South County Center	St Louis	100%	117.2	71.8	69,700	23,700
	West County Center	St Louis	100%	72.1	44.1	54,200	14,200
	West Park Mall	Cape Girardeau	100%	82.6	50.6	46,400	21,100
	COLORADO						
	Westland Towne Center	Denver	100%	41.1	25.2	43,700	13,000
	TOTAL MIDWEST			825.8	505.8	550,400	210,300
EAST COAST	**CONNECTICUT**						
	Connecticut Post Mall	Milford	100%	242.6	148.6	77,100	39,900
	Enfield Square	Enfield	100%	99.6	61.0	63,200	24,000
	Meriden Square	Meriden	100%	176.5	108.2	68,000	27,500
	Trumbull Shopping Park	Trumbull	100%	320.5	196.3	110,900	46,100
	MARYLAND						
	Annapolis Mall	Annapolis	100%	332.6	203.7	92,200	38,100
	Montgomery Mall	Bethesda	100%	380.7	233.2	115,900	42,900
	Wheaton Plaza	Wheaton	68%	87.6	53.6	111,100 (c)	45,700
	NEW YORK	*Remaining 32% acquired February 1999*					
	South Shore Mall	Bay Shore	100%	309.9	189.8	99,100	30,600
	NORTH CAROLINA						
	Independence Mall	Wilmington	70%	72.4	44.4	73,400	19,500
	TOTAL EAST COAST			2,022.4	1,238.8	810,900	314,300

* Areas rounded to the nearest 100 square metres.
(a) Mission Valley Center and Mission Valley-West valued as one property; with a total book value of A$205.1 million (US$125.6 million).
(b) Area of office suites totalling 13,900 square metres is excluded.
(c) Area of office suites totalling 16,700 square metres is excluded.

APPROXIMATE NO. OF PARKING SPACES	NO. OF SPECIALTY RETAILERS	PRIMARY TRADE AREA POPULATION 000'S	AVERAGE HOUSEHOLD INCOME + US$	MAJOR RETAILERS AND SPECIAL FEATURES
3,705	155	744	53,000	Macy's (2).
2,314	68	538	51,000	Robinson's-May, Montgomery Ward, Four-screen cinema.
4,569	29	487	55,000	Power centre format anchored by Target, SportsMart, Old Navy Clothing Co, Baby's 'R' Us, Club Disney.
4,452	132	970	48,200	Macy's, Robinson's-May, JC Penney.
2,400	140	1,204	47,100	Macy's, Mervyn's, Nordstrom.
6,600	164	1,225	53,800	Nordstrom, Macy's, Robinson's-May, Sears, Mervyn's.
6,525	93	1,054	50,000	Robinson's-May, Montgomery Ward, Macy's, Bed, Bath & Beyond, Nordstrom Rack, AMC 20-screen theatre, Seau's Sports Bar, Loehmans, Michaels.
950	15	1,054	50,000	Redevelopment to power centre currently underway.
5,700	168	759	64,000	Nordstrom, Robinson's-May (2), JC Penney, Macy's, Sears.
4,074	102	406	82,200	Macy's, Sears, Montgomery Ward.
6,056	175	435	54,100	Robinson's-May, Sears, JC Penney, Mervyn's.
4,331	146	647	43,000	Robinson's-May, JC Penney, Montgomery Ward, Mervyn's.
6,379	155	470	55,000	Macy's (2), Sears, Robinson's-May, JC Penney.
5,808	146	709	58,600	Nordstrom, Macy's Robinson's-May, Sears, JC Penney.
4,919	145	317	56,700	Macy's, Sears, JC Penney, Mervyn's.
5,970	194	805	57,000	Sears, Macy's, JC Penney, Robinson's-May.
2,963	91	835	75,000	Macy's (2), 14-screen AMC Theatre.
5,448	131	835	75,000	Nordstrom, Sears, Robinson's-May, Montgomery Ward.
4,543	148	665	69,600	Nordstrom, Macy's, Robinson's-May, Sears.
5,271	161	1,237	77,300	Nordstrom, Macy's (2).
3,380	93	178	51,000	JC Penney, Mervyn's, Bon Marche, Lamonts.
5,812	146	300	54,000	Meier & Frank, Nordstrom, Sears, JC Penney, Mervyn's.
102,169	2,797			
4,410	144	580	56,000	Famous-Barr, Dillard's, Sears, 10-screen cinema.
4,029	161	291	57,000	Famous-Barr, Dillard's, JC Penney, Sears.
8,950	171	480	50,000	Famous-Barr, Dillard's, JC Penney, Sears.
4,233	100	496	52,000	Famous-Barr, JC Penney, Dillard's.
3,009	66	328	87,000	Famous-Barr, JC Penney.
3,409	82	220	38,000	Famous-Barr, JC Penney, Shopko.
2,727	15	274	49,000	Sears, Super Kmart.
30,767	739			
5,000	137	431	60,000	Filene's, JC Penney, Caldor.
3,412	87	305	62,000	JC Penney, Filene's, Sears.
3,380	114	432	63,000	Filene's, JC Penney, Sears, Lord & Taylor (to open late 1999).
5,000	173	558	84,000	Macy's, Filene's, JC Penney, Lord & Taylor.
4,800	155	473	70,000	Hecht's, Montgomery Ward, JC Penney, Nordstrom, Lord & Taylor.
6,400	173	602	92,000	Hecht's, Sears, Nordstrom, JC Penney.
6,000	140	453	74,000	Hecht's, JC Penney, Montgomery Ward.
4,500	125	503	76,000	Macy's, JC Penney, Sears, Lord & Taylor.
3,688	77	246	44,600	Belk, JC Penney, Sears.
42,180	1,181			

\+ US national average household annual income US$53,500.

FRANK LOWY AO
CHAIRMAN

ROBERT FERGUSON

DAVID GONSKI

FREDERICK HILMER AO

STEPHEN JOHNS

DAVID LOWY

PETER LOWY

STEVEN LOWY

DEAN WILLS AO

CARLA ZAMPATTI AM

DIRECTORS OF THE MANAGER – WESTFIELD AMERICA MANAGEMENT LIMITED

Frank P Lowy AO
Chairman

Frank Lowy is Executive Chairman and co-founder of Westfield. He is a Member of the Board of the Reserve Bank of Australia and a Director of Daily Mail and General Trust plc (UK).

Robert A Ferguson

Non-Executive Director. Robert Ferguson holds an Honours Degree in Economics from the University of Sydney and is an Associate of the Securities Institute of Australia. He is Managing Director of Bankers Trust Australia Limited.

David M Gonski

Non-Executive Director. David Gonski holds degrees in law and commerce. He is a solicitor and a principal of Wentworth Associates Pty Ltd. He is Chairman of Hoyts Cinemas Limited, the Bundanon Trust and President of the Art Gallery of NSW Trust. His other directorships included Coca-Cola Amatil Limited, John Fairfax Holdings Limited and Mercantile Mutual Holdings Ltd.

Frederick G Hilmer AO
Deputy Chairman

Non-Executive Director and Non-Executive Deputy Chairman. Frederick Hilmer holds degrees in Law from the Universities of Sydney and Pennsylvania and an MBA from the Wharton School of Finance. Frederick Hilmer is Chief Executive Officer of John Fairfax Holdings Limited. Previously he was Dean and Professor of Management at the Australian Graduate School of Management, University of New South Wales as well as a director of a number of public companies.

Stephen P Johns

Executive Director. Stephen Johns holds a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia. He joined Westfield in 1970 and was appointed Secretary and subsequently General Manager, Finance, prior to becoming Finance Director of Westfield in 1985 and Group Finance Director in 1997. He is a Member of the Council of Governors of Ascham School.

David H Lowy

Executive Director. David Lowy holds a Bachelor of Commerce degree from the University of NSW. He joined Westfield in 1977 and spent a number of years working in the US. He was appointed Managing Director in 1987 and Managing Director, Corporate & International in 1997. He is a member of the Board of the Royal Alexandra Children's Hospital Fund Executive Committee and the Business Council of Australia.

Peter S Lowy

Executive Director. Peter Lowy holds a Bachelor of Commerce degree from the University of NSW. Prior to joining Westfield in 1983, he worked in investment banking in the US and UK. He has resided in the US since 1990 and was appointed Managing Director responsible for Westfield's US operations in 1997.

Steven M Lowy

Executive Director. Steven Lowy holds a Bachelor of Commerce (Honours) degree from the University of NSW. In 1997, he was appointed Managing Director responsible for Westfield's operations in Australia. Prior to joining Westfield in 1987, he worked in investment banking in the US for two years. He is a Director of the Victor Chang Cardiac Research Institute.

Dean R Wills AO

Non-Executive Director. Dean Wills is Chairman of Coca-Cola Amatil Limited, Chairman of National Mutual Holdings Limited, Deputy Chairman of the Australian Grand Prix Corporation and a Director of John Fairfax Holdings Limited.

Carla Zampatti AM

Non-Executive Director. Carla Zampatti is Executive Chairman of the Carla Zampatti Group incorporated in 1965. She is a Director of McDonald's Australia Limited, Rothmans Holdings Limited, Australian Quality Council Ltd, Australian Graduate School of Management, the Textile Clothing & Footwear Advisory Panel, and Trustee of the Sydney Theatre Company Foundation Trust.

statutory AND financial STATEMENTS

FOR WESTFIELD AMERICA TRUST

consolidated distribution statement

For the year ended 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(n)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Operating Revenue					
Shopping Centre Rental and Other Income		356.3	242.3	566.6	325.1
Department Store Lease Rental		7.9	8.3	12.6	11.1
Interest Income		18.4	9.9	29.1	13.2
Other Income		0.2	0.0	0.3	0.1
		382.8	260.5	608.6	349.5
Less - Operating Expenditure					
Rates, Taxes and Other Property Outgoings	17	117.8	79.6	187.3	106.9
Interest and Other Borrowing Costs	18	98.0	60.8	155.9	81.5
Department Store Debt Interest Expense	18	5.2	5.4	8.3	7.2
Coupon on Capital Notes	18	12.1	–	18.6	–
Coupon on Convertible Redeemable Preference Shares	18	4.3	–	6.8	–
Legal Fees		0.9	0.7	1.4	1.0
Auditors' Remuneration	19	0.6	0.6	0.9	0.8
Trustee Fees		0.1	0.1	0.1	0.1
Manager's Service Fee	27	–	–	–	–
Advisor's Service Fee	27	6.1	–	9.8	–
Other Expenses		1.5	0.6	2.3	0.8
		246.6	147.8	391.4	198.3
Currency Translation Gains/(Losses)		–	–	(17.7)	(3.9)
Earnings Before Abnormal Items and Withholding Tax		136.2	112.7	199.5	147.3
Less - United States Withholding Tax thereon		6.1	5.5	8.3	7.1
Earnings Before Abnormal Items and After Withholding Tax		130.1	107.2	191.2	140.2
Abnormal Items		72.7	–	109.6	–
Less - United States Withholding Tax thereon		6.0	–	8.1	–
Abnormal Items after Withholding Tax	2	66.7	–	101.5	–
Earnings After Abnormal Items and Withholding Tax but before Outside Equity Interests		196.8	107.2	292.7	140.2
Less - Earnings After Abnormal Items and Withholding Tax Attributable to Outside Equity Interests		99.2	48.3	155.4	64.8
Earnings After Withholding Tax and Outside Equity Interests		97.6	58.9	137.3	75.4
Less - Distribution Paid		28.9	27.8	37.8	35.4
Less - Distribution Payable		34.8	31.1	46.6	40.0
Retained Earnings brought forward		0.0	0.0	0.0	0.0
Retained Earnings carried forward		33.9	0.0	52.9	0.0

consolidated distribution statement continued

For the year ended 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(n)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Earnings attributable to members of Westfield America Trust					
Earnings before Abnormal Items		70.2	63.4	94.5	81.2
Less - United States Withholding Tax thereon		4.9	4.5	6.4	5.8
Earnings after Withholding Tax but before Abnormal Items		65.3	58.9	88.1	75.4
Abnormal Items after Withholding Tax		32.3	–	49.2	–
Earnings after Withholding Tax and Outside Equity Interests Attributable to members of Westfield America Trust		97.6	58.9	137.3	75.4
Basic Earnings per Unit (cents)	20	cents	cents	cents	cents
Earnings before Abnormal Items		8.13	7.79	10.94	9.98
Less - United States Withholding Tax thereon		0.57	0.56	0.74	0.72
Earnings after Withholding Tax but before Abnormal Items		7.56	7.23	10.20	9.26
Abnormal Items after Withholding Tax		3.75	–	5.70	–
Earnings after Withholding Tax and Outside Equity Interests Attributable to members of Westfield America Trust		11.31	7.23	15.90	9.26
Distribution per Unit (cents)		7.36	7.23	9.75	9.26

Refer Note 20 for Diluted Earnings per Unit

consolidated statement of the constitution of the fund

As at 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(n)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
CURRENT ASSETS					
Cash		54.7	40.1	77.5	57.6
Bank Bills Receivable		–	11.1	–	14.2
Receivables	3	24.2	12.2	39.5	18.8
Other	4	13.5	9.3	22.1	13.2
TOTAL CURRENT ASSETS		92.4	72.7	139.1	103.8
NON-CURRENT ASSETS					
Investments	5,6	4,419.0	2,443.9	7,214.7	3,748.3
Other	7	41.6	20.3	67.9	31.1
TOTAL NON-CURRENT ASSETS		4,460.6	2,464.2	7,282.6	3,779.4
TOTAL ASSETS		4,553.0	2,536.9	7,421.7	3,883.2
CURRENT LIABILITIES					
Accounts payable	8	127.1	78.3	196.5	112.4
Borrowings	9	409.2	7.7	668.1	11.8
TOTAL CURRENT LIABILITIES		536.3	86.0	864.6	124.2
NON-CURRENT LIABILITIES					
Accounts payable	10	19.1	7.7	31.1	11.8
Borrowings	11	2,021.2	1,158.5	3,300.0	1,776.8
Capital Notes	12	301.1	–	465.0	–
Convertible Redeemable Preference Shares	13	175.0	–	285.7	–
TOTAL NON-CURRENT LIABILITIES		2,516.4	1,166.2	4,081.8	1,788.6
TOTAL LIABILITIES		3,052.7	1,252.2	4,946.4	1,912.8
NET ASSETS		1,500.3	1,284.7	2,475.3	1,970.4
EQUITY INTERESTS					
Chief Entity Interest					
Units on Issue	14	728.4	658.3	938.6	822.4
Reserves	15	11.2	(6.2)	284.1	177.8
Retained Earnings		33.9	0.0	52.9	0.0
Equity attributable to Unitholders of Westfield America Trust		773.5	652.1	1,275.6	1,000.2
Outside Equity Interests					
Capital on Issue		615.5	583.2	794.3	741.2
Reserves		67.0	49.4	337.2	229.0
Retained Earnings		44.3	(0.0)	68.2	(0.0)
Total Outside Equity Interests	16	726.8	632.6	1,199.7	970.2
TOTAL EQUITY INTERESTS		1,500.3	1,284.7	2,475.3	1,970.4

consolidated statement of cash flows

For the year ended 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(n)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts in the course of operations		332.9	233.3	529.4	313.0
Payments in the course of operations		(95.7)	(81.9)	(152.2)	(109.9)
Interest received		17.9	9.3	28.5	12.5
CASH IN/(OUT) FLOWS FROM OPERATING ACTIVITIES	30 (b)	255.1	160.7	405.7	215.6
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property investments and construction in progress		(1,447.1)	(401.0)	(2,361.3)	(551.6)
Payments for purchases of unlisted securities		–	(15.2)	–	(19.6)
Investment in participating mortgage loan		–	(145.0)	–	(187.3)
Proceeds from sale of investments		99.7	–	154.4	–
CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES		(1,347.4)	(561.2)	(2,206.9)	(758.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of capital (net of costs)		70.4	130.5	116.8	163.0
Redemption of capital in respect of Outside Equity Interests		–	(130.6)	–	(163.1)
Issue of capital to Outside Equity Interests		–	297.5	–	384.3
Deferred capital raising costs		(8.7)	–	(13.4)	–
Borrowings - proceeds		1,268.5	306.4	2,073.0	431.5
Interest and other borrowing costs paid		(114.5)	(70.0)	(181.6)	(93.9)
Distributions paid		(60.0)	(48.9)	(77.8)	(62.1)
Dividends and distributions paid by controlled entities to Outside Equity Interests		(54.0)	(44.7)	(84.7)	(56.7)
United States Withholding Taxes paid		(5.9)	(9.8)	(8.4)	(12.5)
CASH IN/(OUT) FLOWS FROM FINANCING ACTIVITIES		1,095.8	430.4	1,823.9	590.5
NET CASH IN/(OUT) FLOWS FOR THE YEAR		3.5	29.9	22.7	47.6
CASH BALANCE AT BEGINNING OF THE YEAR		51.2	21.3	71.8	26.8
Exchange gains/(losses) on cash balance brought forward at the beginning of the year		–	–	(17.0)	(2.6)
CASH BALANCE AT END OF THE YEAR	30 (a)	54.7	51.2	77.5	71.8

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial Statements are a general purpose financial report which have been prepared in accordance with the requirements of the Corporations Law, applicable Australian Accounting Standards and other mandatory professional reporting requirements. The Financial Statements have been prepared on the basis of historical cost accounting and do not purport to disclose current values except where, in accordance with the requirements of the Trust Deed, Group property investments are revalued at intervals of not more than three years. Such valuations are reflected in the Financial Statements of the Group. On the occasion of a revaluation of a Group property investment by way of independent valuation, the remaining assets in that class are reviewed and appropriate adjustments made for any material increment or decrement. For the property investments in which the Group has co-ownership, the Financial Statements reflect the Group's proportionate share of the valuation.

The accounting policies adopted are in all material respects consistent with those applied in the previous year except as otherwise stated.

(b) Principles of Consolidation

The Consolidated Financial Statements include the results, assets and liabilities of the Chief Entity, Westfield America Trust ("WAT"), its controlled entities and partially owned property partnerships as noted below. WAT, its controlled entities and partially owned property partnerships are collectively referred to as the "Economic Entity" or the "Group".

The Group has significant co-ownership interests in a number of properties. These interests are held through partial ownership in property partnerships, including ownership interests above 50% but less than 100%. For presentation purposes, in order to reflect the substance of the investments in the underlying properties, the Group's proportionate share of each partnership's income and expenditure, and its assets and liabilities have been included in their respective classifications in these Financial Statements.

Where entities adopt accounting policies which differ from those of the Chief Entity, adjustments have been made so as to ensure consistency with the Chief Entity, and compliance with applicable Australian Accounting Standards and the provisions of the Trust Deed constituting the Chief Entity. All intercompany balances and transactions, and unrealised profits arising from intra-economic entity transactions, have been eliminated in full.

The names of the controlled entities and the proportionately consolidated property partnerships, and the Group's beneficial interests therein are set out in Note 29.

(c) Foreign Currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction or at hedge rates where applicable.

Amounts payable to and by the entities within the economic entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the period.

Except for certain specific hedges and hedges of foreign currency operations, all resulting exchange differences arising on settlement or re-statement are brought to account in determining the earnings before withholding tax and outside equity interest for the financial year, and transaction costs, premiums and discounts on forward currency contracts are deferred and amortised over the life of the contract.

Hedges of foreign operations

Exchange gains and losses on instruments which hedge investments in foreign operations are taken to the foreign currency translation reserve on consolidation.

Translation of accounts of foreign operations

All overseas operations are deemed self sustaining as each is financially and operationally independent of WAT. The Financial Statements of overseas operations are translated to Australian dollars using the current rate method, except for hedged assets and liabilities which are translated at the applicable currency hedge contract rates. Any exchange differences are taken directly to the foreign currency translation reserve.

Applicable exchange rates

Where relevant, assets and liabilities of the Group's United States operations, have been translated into Australian Dollars at the year end exchange rate of A$1.00 = US$0.6125 (A$1.00 = US$0.6520 at 31 December 1997). Revenue has been translated into Australian Dollars at the average rate applicable for the year, 1998 A$1.00 = US$0.6289 and 1997 A$1.00 = US$0.7452. Operating profit after tax, before abnormal items attributable to members reflects the US Dollar hedge rates applicable for the year, 1998 A$1.00 = US$0.7412 and 1997 A$1.00 = US$0.7808.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Revenue

Revenue from rents and other property income (net of bad debts and additional provision for doubtful debts) is brought to account on an accruals basis, and if not received at balance date, is reflected in the Statement of Constitution of the Fund as receivables.

Percentage rent is brought to account on an accruals basis. Recoveries from tenants are recognised as income in the period the applicable costs are accrued. Profits from the sale of property investments are recognised upon settlement and after contractual duties are completed.

(e) Expenditure

Expenditure including rates, taxes and other outgoings, is brought to account on an accruals basis.

(f) Income Tax

Under current Income Tax legislation, WAT is not liable to income tax including capital gains tax, provided it distributes an amount at least equal to its distributable income (as defined in the Trust Deed) for the year.

Westfield America, Inc. (”WEA”), is a Real Estate Investment Trust (“REIT”) for United States Income Tax purposes. To maintain its REIT status, WEA is required to distribute at least 95% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders.

(g) Investments

Property Investments

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution of value of the building content due to the effluxion of time.

Accordingly, the buildings and any component thereof (including plant and equipment) are not depreciated.

Property investments are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

Other Investments

Investment in participating mortgage loan is carried at the lower of cost or expected recoverable amount.

(h) Replacements and Maintenance

The Group’s major source of income is from its investment in shopping centre properties. Whilst no provision for maintenance is made in respect of these properties, in order to maintain these assets to provide the existing economic return, regular revaluations are made which take into account the need for future repairs, replacements and maintenance of a substantial but infrequent nature which are capitalised when incurred.

Expenditures for repairs and maintenance that are not of a substantial or infrequent nature are expensed as incurred. Certain of these costs are chargeable to the tenants as provided in their leases and such reimbursements are included in operating revenue.

(i) Properties Subject to Development

Expenses capitalised to properties subject to development include the cost of acquisition, development, rates, taxes and borrowing costs during development. After development is completed, borrowing costs and other holding charges are expensed as incurred.

(j) Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts.

(k) Financial Information Expressed in United States Dollars

In addition to all amounts reported in Australian Dollars (”A$” or ”$”), where appropriate, United States Dollar amounts or equivalent amounts (“US$”) have also been provided in respect of certain assets, liabilities, revenue and expenditure.

The amounts reported in US$ have been taken directly from the US$ denominated Financial Statements of the relevant controlled entities, or, where a currency other than the US$ is the functional currency, have been translated into US$ at the exchange rate ruling at the date of the transaction and at the hedge rate in respect of specifically hedged items.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Derivatives and Other Financial Instruments

The Group's activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors of the Manager in respect of the usage of derivative and other financial instruments to hedge cashflows subject to interest rate and currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

Recognised Financial Instruments

(i) Financial Assets

Investment in Participating Mortgage Loan

The investment is carried at the lower of cost or recoverable amount. Interest income is recognised on an accruals basis. Terms and conditions are set out in Note 5.

(ii) Financial Liabilities

Bank Loans, Notes Payable, Capital Notes and Convertible Redeemable Preference Shares

Bank loans, notes payable, capital notes and convertible redeemable preference shares are carried at their face value or at their fair value at the time of acquisition in the case of assumed liabilities. Interest is charged as an expense on an accruals basis. Terms and conditions are set out in Notes 11, 12 and 13.

Given their economic characteristics, Westfield America Management Limited ("Manager") considers the convertible redeemable preference shares to be equity. However, they have been treated as debt in accordance with Australian Accounting Standard AASB 1033 - "Presentation and Disclosure of Financial Instruments" and other mandatory professional reporting requirements.

Unrecognised Derivative Financial Instruments

Interest Rate Swaps

The Group enters into interest rate swap agreements with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Net receipts and payments in relation to interest rate swaps are recognised in the profit and loss account on an accruals basis over the life of the hedges. Terms and conditions are set out in Note 25.

Cross Currency Swaps and Forward Exchange Contracts

The Group enters into cross currency swaps and forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of a proportion of its foreign currency denominated liabilities and earnings covering the period to 31 December 1998. The Group policy is not to hedge earnings beyond 31 December 1998. The value of the cross currency swaps and forward exchange contracts are brought to account in conjunction with the liabilities and income to which the hedges relate. Terms and conditions are set out in Note 25.

The Group does not trade in derivative financial instruments for speculative purposes. In conjunction with its advisers, the Group continually reviews its exposures and upgrades its treasury policies and procedures. Revenues or expenses arising from changes in the net market values of hedging instruments are matched and brought to account with the carrying values and income streams of the underlying assets or liabilities.

Disclosure of Market Values

The applicable market rates and prices in respect of derivative and other financial instruments are set out in the notes to these Financial Statements.

(m) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except as stated in note 1(i). Borrowing costs include:

(i) interest on bank overdrafts and short-term and long-term borrowings;
(ii) interest on derivative financial instruments which hedge underlying borrowings;
(iii) amortisation of discounts or premiums relating to borrowings;
(iv) amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
(v) finance lease charges.

(n) Rounding

Pursuant to ASIC Class Order 98/100, the amounts shown in the Financial Statements have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as '0.0' represent amounts less than $50,000 that have been rounded down.

(o) Comparative Figures

Where appropriate, certain comparative figures have been restated in order to comply with the current year's presentation of the Financial Statements.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
2 ABNORMAL ITEMS				
Gain on sale of Westfield Holdings Limited shares (net proceeds on sale of US$99.7 million (A$154.4 million))	84.5	–	130.0	–
Less - United States Withholding Tax thereon	6.0	–	8.1	–
	78.5	–	121.9	–
Loss on termination of interest rate hedging instruments	(11.8)	–	(20.4)	–
Less - United States Withholding Tax thereon	–	–	–	–
	66.7	–	101.5	–
3 RECEIVABLES				
Trade debtors	25.4	16.4	41.4	25.2
Less: Provision for doubtful debts (refer below)	(1.2)	(4.2)	(1.9)	(6.4)
	24.2	12.2	39.5	18.8
Movement in Provision for doubtful debts				
Balance at beginning of the year	(4.2)	(7.2)	(6.9)	(11.0)
Bad debts previously provided for written-off during the year	3.5	3.8	5.8	5.9
Bad and doubtful debts expensed/provided for during the year	(0.5)	(0.8)	(0.8)	(1.3)
Balance at end of the year	(1.2)	(4.2)	(1.9)	(6.4)
4 OTHER CURRENT ASSETS				
Prepayments and deferred costs	13.5	9.3	22.1	13.2
	13.5	9.3	22.1	13.2
5 INVESTMENTS				
Shopping centre, department stores and other property investments, based on independent valuations and acquisition costs, as appropriate (refer Notes 6a and 6b)	4,252.2	2,271.8	6,942.3	3,484.4
Shopping centre construction in progress, at cost	21.8	11.9	35.7	18.3
	4,274.0	2,283.7	6,978.0	3,502.7
Investment in participating mortgage loan at cost *	145.0	145.0	236.7	222.3
Investment in unlisted options over listed securities at cost **	–	15.2	–	23.3
	4,419.0	2,443.9	7,214.7	3,748.3

* In May 1997, WEA made a non-recourse participating mortgage loan of US$145.0 million to Westfield Holdings Limited ("WHL") entities. This loan has a ten year term and is secured by a first ranking mortgage over WHL's 50% indirect interest in the Garden State Plaza shopping centre. It may be prepaid without penalty after the fifth year of the term. The loan carries interest at a fixed rate of 8.5% p.a. together with a further participating interest of up to 2.5% p.a. based on the yield of the Garden State Plaza shopping centre.

** In April 1998, WEA exercised its options over 49 million ordinary shares in WHL, as a consequence of which WEA received 20,339,066 ordinary shares in WHL. WEA subsequently sold those shares, realising net proceeds of US$99.7 million ($154.4 million) resulting in an abnormal profit after withholding tax of US$78.5 million ($121.9 million) (refer Note 2).

6a DETAILS OF INVESTMENTS
(expressed in US$)

Freehold Property	Ownership Interest %	Original Purchase Date	Total Original Acquisition Cost US$ Million	Capital Expenditure Since Acquisition US$ Million	Independent Valuation US$ Million	Capital Expenditure Since Valuation US$ Million	Book Value 31 Dec 98 US$ Million
Annapolis Mall	100.0%	01/07/96 & 03/06/97	187.3	5.6	203.7 (iii)	–	203.7
Capital Mall	100.0%	07/10/98 & 09/12/98	54.5	0.6	n/a	–	55.1
Connecticut Post Mall	100.0%	01/07/96	139.2	1.2	147.4 (i)	1.2	148.6
Crestwood Plaza	100.0%	15/01/98	106.4	0.3	n/a	–	106.7
Downtown Plaza	100.0%	02/11/98	150.1	0.5	n/a	–	150.6
Eagle Rock Plaza	100.0%	01/07/96	24.7	1.1	29.3 (iii)	–	29.3
Eastland Center	100.0%	01/07/96	23.2	30.0	23.1 (i)	30.0	53.1
Enfield Square	100.0%	01/07/96	43.5	11.9	50.6 (ii)	10.4	61.0
Fox Hills Mall	100.0%	07/10/98	80.5	0.0	n/a	–	80.5
Horton Plaza	100.0%	02/11/98	209.9	0.3	n/a	–	210.2
Independence Mall	70.0%	13/08/98 & 30/10/98	43.6	0.8	n/a	–	44.4
Los Cerritos Center	100.0%	21/07/98 & 17/11/98	191.4	–	n/a	–	191.4
Meriden Square	50.0%	01/07/96	50.9	1.5	50.7 (i)	1.5	52.2
Meriden Square	50.0%	15/09/97	54.5	1.5	n/a	–	56.0
Mid Rivers Mall	100.0%	01/07/96	74.5	14.7	94.1 (ii)	0.8	94.9
Mission Valley Center East & West	75.8%	01/07/96	85.6	34.2	125.6 (iii)	–	125.6
Montgomery Mall	100.0%	01/07/96	230.6	0.3	233.1 (ii)	0.1	233.2
North County Fair	45.0%	01/07/96	41.0	0.6	40.8 (i)	0.6	41.4
North County Fair	55.0%	02/11/98	112.6	–	n/a	–	112.6
Northwest Plaza	100.0%	16/12/97	111.1	1.4	n/a	–	112.5
Oakridge Mall	100.0%	07/10/98	79.4	–	n/a	–	79.4
Parkway Plaza	100.0%	28/09/98	165.1	0.3	n/a	–	165.4
Plaza Bonita	100.0%	01/07/96	122.2	0.7	126.3 (ii)	0.1	126.4
Plaza Camino Real	40.0%	01/07/96	43.0	0.5	48.4 (iii)	–	48.4
Santa Anita Fashion Park	89.7%	28/09/98 & 23/12/98	126.4	11.5	n/a	–	137.9
Solano Mall	100.0%	28/09/98	91.2	0.1	n/a	–	91.3
South County Center	100.0%	01/07/96	69.6	1.4	71.8 (iii)	–	71.8
South Shore Mall	100.0%	01/07/96	142.8	38.6	151.2 (i)	38.6	189.8
The Plaza at West Covina	100.0%	01/07/96	135.7	4.9	148.4 (iii)	–	148.4
The Promenade	100.0%	27/06/98	33.5	1.2	n/a	–	34.7
Topanga Plaza	42.0%	01/07/96	62.6	0.5	62.3 (i)	0.5	62.8
Topanga Plaza	58.0%	17/11/98	91.9	0.7	n/a	–	92.6
Trumbull Shopping Park	100.0%	01/07/96	181.8	5.8	190.5 (i)	5.8	196.3
University Towne Centre	100.0%	31/07/98	187.5	–	n/a	–	187.5
Valley Fair	50.0%	31/07/98	154.2	0.1	n/a	–	154.3
Vancouver Mall	50.0%	01/07/96	41.0	2.1	42.8 (iii)	–	42.8
West County Center	100.0%	01/07/96	44.3	–	44.1 (i)	–	44.1
West Park Mall	100.0%	01/07/96	49.1	1.7	49.6 (ii)	1.0	50.6
Westland Towne Center	100.0%	01/07/96	25.1	0.2	25.0 (i)	0.2	25.2
Wheaton Plaza	68.0%	30/05/97	51.2	2.4	n/a	–	53.6
Shopping centre investments			3,912.7	179.2		90.8	4,166.3
Department stores and other property investments			91.3	(5.4)	91.3 (i)	(5.4)	85.9
Shopping centre, department stores and other property investments			4,004.0	173.8		85.4	4,252.2

6b DETAILS OF INVESTMENTS

(expressed in A$ - Translated at the period end exchange rate of A$1.00=US$0.6125)

Freehold Property	Ownership Interest %	Original Purchase Date	Total Original Acquisition Cost A$ Million	Capital Expenditure Since Acquisition A$ Million	Independent Valuation A$ Million	Capital Expenditure Since Valuation A$ Million	Book Value 31 Dec 98 A$ Million
Annapolis Mall	100.0%	01/07/96 & 03/06/97	305.7	9.2	332.6 (iii)	–	332.6
Capital Mall	100.0%	07/10/98 & 09/12/98	88.9	1.0	n/a	–	89.9
Connecticut Post Mall	100.0%	01/07/96	227.2	1.9	240.7 (i)	1.9	242.6
Crestwood Plaza	100.0%	15/01/98	173.8	0.5	n/a	–	174.3
Downtown Plaza	100.0%	02/11/98	245.0	0.8	n/a	–	245.8
Eagle Rock Plaza	100.0%	01/07/96	40.4	1.8	47.8 (iii)	–	47.8
Eastland Center	100.0%	01/07/96	37.9	49.0	37.7 (i)	49.0	86.7
Enfield Square	100.0%	01/07/96	71.0	19.5	82.6 (ii)	17.0	99.6
Fox Hills Mall	100.0%	07/10/98	131.4	0.1	n/a	–	131.5
Horton Plaza	100.0%	02/11/98	342.7	0.5	n/a	–	343.2
Independence Mall	70.0%	13/08/98 & 30/10/98	71.2	1.2	n/a	–	72.4
Los Cerritos Center	100.0%	21/07/98 & 17/11/98	312.5	–	n/a	–	312.5
Meriden Square	50.0%	01/07/96	83.1	2.4	82.7 (i)	2.4	85.1
Meriden Square	50.0%	15/09/97	89.0	2.4	n/a	–	91.4
Mid Rivers Mall	100.0%	01/07/96	121.6	23.9	153.6 (ii)	1.3	154.9
Mission Valley Center East & West	75.8%	01/07/96	139.8	55.9	205.1 (iii)	–	205.1
Montgomery Mall	100.0%	01/07/96	376.3	0.4	380.6 (ii)	0.1	380.7
North County Fair	45.0%	01/07/96	66.9	1.0	66.6 (i)	1.0	67.6
North County Fair	55.0%	02/11/98	183.9	–	n/a	–	183.9
Northwest Plaza	100.0%	16/12/97	181.3	2.3	n/a	–	183.6
Oakridge Mall	100.0%	07/10/98	129.7	0.1	n/a	–	129.8
Parkway Plaza	100.0%	28/09/98	269.6	0.4	n/a	–	270.0
Plaza Bonita	100.0%	01/07/96	199.5	1.1	206.2 (ii)	0.2	206.4
Plaza Camino Real	40.0%	01/07/96	70.2	0.9	79.1 (iii)	–	79.1
Santa Anita Fashion Park	89.7%	28/09/98 & 23/12/98	206.3	18.8	n/a	–	225.1
Solano Mall	100.0%	28/09/98	148.8	0.1	n/a	–	148.9
South County Center	100.0%	01/07/96	113.7	2.3	117.2 (iii)	–	117.2
South Shore Mall	100.0%	01/07/96	233.1	63.0	246.9 (i)	63.0	309.9
The Plaza at West Covina	100.0%	01/07/96	221.5	7.9	242.3 (iii)	–	242.3
The Promenade	100.0%	27/06/98	54.7	2.0	n/a	–	56.7
Topanga Plaza	42.0%	01/07/96	102.2	0.9	101.7 (i)	0.9	102.6
Topanga Plaza	58.0%	17/11/98	150.1	1.1	n/a	–	151.2
Trumbull Shopping Park	100.0%	01/07/96	296.8	9.5	311.0 (i)	9.5	320.5
University Towne Centre	100.0%	31/07/98	306.1	–	n/a	–	306.1
Valley Fair	50.0%	31/07/98	251.7	0.1	n/a	–	251.8
Vancouver Mall	50.0%	01/07/96	66.9	3.5	69.8 (iii)	–	69.8
West County Center	100.0%	01/07/96	72.4	0.1	72.0 (i)	0.1	72.1
West Park Mall	100.0%	01/07/96	80.2	2.7	81.0 (ii)	1.6	82.6
Westland Towne Center	100.0%	01/07/96	41.0	0.3	40.8 (i)	0.3	41.1
Wheaton Plaza	68.0%	30/05/97	83.6	4.0	n/a	–	87.6
Shopping centre investments			6,387.7	292.6		148.3	6,802.0
Department stores and other property investments			149.0	(8.7)	149.0 (i)	(8.7)	140.3
Shopping centre, department stores and other property investments			6,536.7	283.9		139.6	6,942.3

6c DETAILS OF INVESTMENTS

The Group revalues each of its individual property investments based on independent appraisals as part of a three year progressive revaluation programme. Property investments are carried at their original acquisition cost together with capital expenditure since acquisition or at their latest revalued amount based on independent appraisals together with the cost of acquisition and capital expenditure since the previous revaluation. Details of the latest independent appraisals are as follows:

(i) The independent valuations were carried out by Landauer Associates Inc. (Registered Valuers) as at 31 March 1996. The independent valuations as at 31 March 1996 were used to revalue the property portfolio to fair value on 1 July 1996 following the acquisition by WAT of its initial interest in WEA.

(ii) The independent valuations were carried out by Landauer Associates Inc. (Registered Valuers) as at 31 December 1997.

(iii) The independent valuations were carried out by Landauer Associates Inc. (Registered Valuers) as at 31 December 1998.

The valuations referred to in (i), (ii) and (iii) were performed predominantly using the discounted cash flow valuation method, with use of the comparable sale and replacement method where appropriate according to the nature of the property.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
7 OTHER NON CURRENT ASSETS				
Other debtors and deferred costs	41.6	20.3	67.9	31.1
	41.6	20.3	67.9	31.1
8 ACCOUNTS PAYABLE – CURRENT				
Trade creditors	41.3	19.2	67.5	29.4
Other creditors and accruals	34.0	14.8	55.5	22.8
United States withholding tax payable	3.1	–	4.2	–
Distribution payable to Unitholders	34.8	31.1	46.6	40.0
Dividend and distribution payable to Outside Equity Interests	13.9	13.2	22.7	20.2
	127.1	78.3	196.5	112.4
9 BORROWINGS – CURRENT				
Bank overdrafts – unsecured	0.0	–	0.0	–
Bank bills payable – unsecured	19.5	–	31.8	–
Notes payable – unsecured (refer note 11b)	100.0	–	163.3	–
Notes payable – secured (refer note 11b)	289.7	7.7	473.0	11.8
	409.2	7.7	668.1	11.8
10 ACCOUNTS PAYABLE – NON CURRENT				
Other creditors and accruals	19.1	7.7	31.1	11.8
	19.1	7.7	31.1	11.8

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
11 BORROWINGS – NON CURRENT				
Bank loans – unsecured (refer (a) below)	490.0	463.0	800.0	710.0
Notes payable – secured (refer (b) below)	1,531.2	695.5	2,500.0	1,066.8
	2,021.2	1,158.5	3,300.0	1,776.8

(a) Non-current bank loans represent loans under an unsecured interest only, floating rate facility with a consortium of banks maturing in May 2000.

(b) Current unsecured notes payable represent amounts owing to banks at floating rates maturing in December 1999. Current and non-current secured notes payable represent amounts owing to banks and insurance companies. These notes are secured by mortgages against the shopping centres, department stores and leases thereon, and other property investments on a non-recourse basis and are for terms expiring on various dates as set out in Note 11 (d) below. They are primarily interest only notes, payable monthly.

(c) Details of secured current and non-current notes payable in relation to each property is set out below:

Downtown Plaza	92.5	–	151.0	–
Independence Mall	23.0	–	37.5	–
Los Cerritos Center	95.0	–	155.1	–
Mid Rivers Mall	–	53.2	–	81.6
Mission Valley Center East & West	56.9	56.9	92.8	87.1
Montgomery Mall	121.5	121.5	198.4	186.4
North County Fair	73.7	22.3	120.4	34.2
Plaza Bonita	–	59.0	–	90.5
Plaza Camino Real	14.6	14.7	23.9	22.6
Santa Anita Fashion Park	56.9	–	92.9	–
Solano Mall	42.1	–	68.7	–
South County Center	28.7	28.7	46.9	44.1
The Plaza at West Covina	–	60.6	–	93.0
Topanga Plaza	105.6	24.0	172.4	36.9
Trumbull Shopping Park	136.4	140.9	222.8	216.1
University Towne Centre	81.0	–	132.3	–
Valley Fair	42.5	–	69.4	–
Vancouver Mall	15.6	15.8	25.5	24.2
West County Center	16.8	16.8	27.4	25.7
West Park Mall	–	14.2	–	21.7
Department stores	72.0	74.6	117.5	114.5
Pool of wholly owned centers *	746.1	–	1,218.1	–
Total secured notes payable (current and non-current)	1,820.9	703.2	2,973.0	1,078.6

* Pool of wholly owned centers - Fox Hills Mall, Horton Plaza, Oak Ridge Mall, Parkway Plaza, Capital Mall, Mid Rivers Mall, Plaza Bonita, Plaza at West Covina, West Park Mall, Northwest Plaza, Crestwood Plaza and Enfield Square.

(d) The maturity profiles in respect of notes payable are set out below:

Due within one year	289.7	7.7	473.0	11.8
Due between one and five years	1,196.7	557.6	1,953.9	855.4
Due after five years	334.5	137.9	546.1	211.4
	1,820.9	703.2	2,973.0	1,078.6

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
12 CAPITAL NOTES				
Capital Notes - unsecured, subordinated (refer below)	301.1	–	465.0	–

Pursuant to the Prospectus dated 15 May 1998, 155 million unsecured subordinated Capital Notes were issued by WEA during the period for a cash consideration of $3.00 each. They have a face value of $3.00 each and carry a fixed coupon rate of 8.01% payable semi-annually on 30 June and 31 December each year. The principal sum of Capital Notes will be repaid in three equal instalments on 29 June 2001, 28 June 2002 and 30 June 2003.

On each of those dates, concurrent with the repayment of the Capital Notes by WEA, WAT will receive the three instalments of $155 million each upon settlement of its fully underwritten Partly Paid Units (refer Note 14).

13 CONVERTIBLE REDEEMABLE PREFERENCE SHARES				
Convertible Redeemable Preference Shares	175.0	–	285.7	–

In August and December 1998, WEA issued US$175.0 million Cumulative Convertible Redeemable Preference shares comprising US$50.0 million Series D, US$75.0 million Series C and US$50.0 million Series C-1 Cumulative Convertible Redeemable Preference Shares. In addition, US$100.0 million Cumulative Convertible Redeemable Preference shares were issued by WEA to WAT which have been eliminated on preperation of these consolidated financial statements.

Given their economic characteristics, the Manager consideres these Preference Shares to be equity. However, they have been treated as debt in accordance with Australian Accounting Standard AASB 1033 - "Presentation and Disclosure of Financial Instruments" and other mandatory professional reporting requirements.

The Preference Shares were issued at a price of US$180.00 each and are not quoted on any stock exchange. Each Preference Share will convert into WEA Common Stock at any time at the option of the holder. Initially, each Preference Share will convert into ten shares of WEA Common Stock (at an effective conversion price of US$18.00 per Common Stock). This conversion ratio is subject to customary anti-dilution adjustments. Conversion of the D Series Preference shares requires approval of WEA Common Stock Holders. Dividends on each Preference Share will be equal to the greater of 8.5% per annum or the dividend payable on the number of shares of WEA Common Stock into which the Preference Share is then convertible. If WEA ceases to qualify to be taxed as a real estate investment trust (REIT), such dividends will be increased by a factor of 2.5.

The Preference Shares are redeemable at the Option of WEA at 100% of face value at any time after 12 August 2008. In the usual course, at any time following 12 August 2008, if the market price of WEA Common Stock is at or below the conversion price (being US$18.00), each Preference Share will be redeemable at the option of the holder at 100% of face value (including all accrued but unpaid dividends) for cash or WEA Common Stock at the option of WEA. In certain very unusual circumstances, they are also redeemable at the option of the holder: (A) in circumstances where WEA ceases to be a REIT, at 115% of face value (including all accrued but unpaid dividends); and (B) in circumstances causing a change in control of WEA, at 105% of face value (including all accrued but unpaid dividends).

If WEA is wound up, each Preference Share will carry a right to participate in the capital of WEA in the amount of US$180.00, ranking ahead of the rights of the holders of WEA Common Stock but behind all creditors and holders of other equity securities in WEA (unless the terms of those equity securities provide otherwise). The Preference Shares carry no right to vote unless the vote relates to the rights of the Preference Shares.

14 ISSUED CAPITAL

			US$ MILLION		A$ MILLION	
			31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Ordinary Units on Issue		Number of Units				
Ordinary Units of $1.00 each Fully Paid						
Balance at beginning of the year		822,362,378	658.3	501.8	822.4	626.9
Placement - net of costs						
allotment date - 2 January 1997		–	–	130.5	–	163.0
allotment date - 30 June 1998		82,200,000	68.9	–	114.4	–
Exercise of Ordinary Options						
allotment date - 18 May 1997		–	–	26.0	–	32.5
Balance at end of the year		904,562,378	727.2	658.3	936.8	822.4
Partly Paid Units on Issue						
Partly Paid Units of $50.20 each						
Partly Paid to $0.20 each						
Balance at beginning of the year		–	–	–	–	–
Public offering during the year						
(allotment date - 19 June 1998)	Series A	3,100,000	0.4	–	0.6	–
	Series B	3,100,000	0.4	–	0.6	–
	Series C	3,100,000	0.4	–	0.6	–
Balance at end of the year		9,300,000	1.2	–	1.8	–

Options on Issue	Number of Options			
Special Options - Series A	940,000	convertible to	117,426,609	WAT fully paid $1.00 Units
Special Options - Series B	270,000	convertible to	36,000,000	WAT fully paid $1.00 Units
			153,426,609	

Partly Paid Units - $466.86 million

Subject to payment of the final instalment of $50.00 for each of the series, the Series A, Series B and Series C Partly Paid Units will convert into Ordinary Units in WAT on 29 June 2001, 28 June 2002 and 30 June 2003 respectively at a 5% discount to the market price for Ordinary Units at that time. The funds raised on conversion, totalling $466.86 million, have been underwritten by Warburg Dillon Read Australia Limited and will be used by WAT, pursuant to an agreement dated 29 May 1998, to subscribe for additional Common Shares in WEA at a 5% discount to the market price for Common Shares at the time.

At any time up to two days prior to the due date for the final instalment on a series of Partly Paid Units, Westfield America Management Limited, the Manager, has the right to redeem that series by the payment of $2.64 per Partly Paid Unit or by the issue of Ordinary Units to the value of $2.64.

The Partly Paid Units have no distribution entitlement to the income of WAT. The Ordinary Units into which they convert following payment of the final instalment will rank for distribution from 1 July following each respective conversion date.

Prior to the payment of the final instalment, the Partly Paid Units have no voting entitlement at meetings of unitholders in WAT except where the Corporations Law or the Listing Rules requires that Partly Paid Units carry an entitlement to vote, in which case there is a voting entitlement based on the proportion of the paid up amount on each unit to 95% of the then market value of Ordinary Units in WAT.

The Partly Paid Units are quoted as stapled securities, with each stapled security consisting of one Series A, one Series B and one Series C Partly Paid Unit. At 31 December 1998, there were 9,300,000 Partly Paid Units representing 3,100,000 stapled securities on issue which would have been convertible to 279,222,488 WAT $1.00 Units as at 31 December 1998, based on conversion price of $30.02 per unit.

14 ISSUED CAPITAL (continued)

Special Options

Each Series A Special Option entitles the holder to subscribe for 124.92 fully paid $1.00 Units in exchange for either US$100.00 ($163.27) or 1 WEA Preference Share. The Series A Special Options are exercisable during the thirteen year period ending on 1 July 2011. At 31 December 1998, there were 940,000 Series A Special Options on issue which are convertible to 117,426,609 WAT $1.00 units.

Each Series B Special Option entitles the holder the right to subscribe for 133.33 fully paid $1.00 Units in exchange for either US$100.00 ($163.27) or 1 WEA Preference Share. The Series B Special Options are exercisable during the thirteen year period ending on 21 May 2012. At 31 December 1998, there were 270,000 Series B Special Options on issue which are convertible to 36,000,000 WAT $1.00 units.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
15 RESERVES				
Asset Revaluation Reserve	39.3	21.9	58.6	30.2
Asset Reallocation Reserve	(28.1)	(28.1)	(36.3)	(36.3)
Foreign Currency Translation Reserve	–	–	261.8	183.9
	11.2	(6.2)	284.1	177.8
Movements in Reserves				
Asset Revaluation Reserve				
Balance at beginning of the year	21.9	12.4	30.2	15.5
Transfer upon acquisition by WAT of additional interest in controlled entity	–	3.2	–	4.0
Transfer upon acquisition by WAT of shares in controlled entity previously owned by Outside Equity Interests	–	0.6	–	0.8
Reallocation of attributable asset revaluation reserve upon the issuance of additional equity by controlled entity to Outside Equity Interests	–	(4.5)	–	(5.6)
Increment on revaluation of property investments	17.4	10.2	28.4	15.5
Balance at end of the year	39.3	21.9	58.6	30.2
Asset Reallocation Reserve				
Balance at beginning of the year	(28.1)	–	(36.3)	–
Reallocation of attributable net assets upon the issuance of additional equity by controlled entity to Outside Equity Interests	–	(28.1)	–	(36.3)
Balance at end of the year	(28.1)	(28.1)	(36.3)	(36.3)
Foreign Currency Translation Reserve				
Balance at beginning of the year	–	–	183.9	3.5
Exchange differences arising on translation of the Financial Statements of overseas operations	–	–	77.9	180.4
Balance at end of the year	–	–	261.8	183.9

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
16 OUTSIDE EQUITY INTERESTS				
Analysis of Outside Equity Interests in controlled entities - Westfield America, Inc.				
Share Capital*				
32,218,355 Common Shares (Dec 1997: 32,211,425)	463.2	463.1	590.3	590.1
940,000 Series A Preference Shares (Dec 1997: 940,000)	94.0	94.0	117.4	117.4
270,000 Series B Preference Shares (Dec 1997: 270,000)	26.0	26.0	33.6	33.6
2 Non-Voting Preference Shares (Dec 1997: 124)	0.0	0.1	0.0	0.1
1,764,664 Convertible Partnership Units**	32.3	–	53.0	–
Asset Revaluation Reserve	38.9	21.3	58.1	29.4
Asset Reallocation Reserve	28.1	28.1	36.3	36.3
Foreign Currency Translation Reserve	–	–	242.8	163.3
Retained Earnings	44.3	(0.0)	68.2	(0.0)
	726.8	632.6	1,199.7	970.2

*Excluded from Outside Equity Interests are the Convertible Redeemable Preference Shares. Refer Note 13.
**Convertible to 1,764,664 Common Shares in WEA.

Movements in Outside Equity Interests				
Balance at beginning of year	632.6	450.6	970.2	565.8
Issue of Share Capital				
8,156 Common Shares	0.1	–	0.2	–
20,400,000 Common Shares	–	274.0	–	354.0
270,000 Series B Preference Shares	–	26.0	–	33.6
122 Non-Voting Preference Shares	–	0.1	–	0.1
1,764,664 Convertible Partnership Units	32.3	–	53.0	–
Redemption of Share Capital				
8,151,155 Common shares	–	(130.5)	–	(163.0)
103 Non-Voting Preference Shares	–	(0.1)	–	(0.1)
122 Non-Voting Preference Shares	(0.1)	–	(0.1)	–
Acquisition by WAT of 1,623,985 Common Shares from Outside Equity Interests	–	(26.0)	–	(32.6)
Transfer upon acquisition by WAT of additional interest in controlled entity	–	(3.2)	–	(4.0)
Transfer upon acquisition by WAT of shares in controlled entity previously owned by Outside Equity Interests	–	(0.6)	–	(0.8)
Reallocation of asset revaluation reserve upon the issuance of additional equity by controlled entity to Outside Equity Interests	–	4.5	–	5.6
Reallocation of attributable net assets upon the issuance of additional equity by controlled entity to Outside Equity Interests	–	28.1	–	36.3
Increment on revaluation of property investments	17.6	9.7	28.7	15.1
Exchange differences arising on translation of the Financial Statements of overseas operations	–	–	79.5	160.2
Earnings After Withholding Tax Attributable to Outside Equity Interests	99.2	48.3	155.4	64.8
Dividends Paid and Payable to Outside Equity Interests	(54.9)	(48.3)	(87.2)	(64.8)
Balance at end of the year	726.8	632.6	1,199.7	970.2

16 OUTSIDE EQUITY INTERESTS (continued)

The Series A Preference Shares were issued on commercial terms that are substantially similar to WEA's Common Shares. These Preference Shares were issued concurrent with the restructure of WEA upon the acquisition by WAT of a controlling interest therein during July 1996. The Series B Preference Shares were also issued on commercial terms that are substantially similar to WEA's Common Shares. The Series B Preference Shares were issued concurrent with the issuance of an additional 20.4 million Common Shares by WEA upon the completion of its Initial Public Offering in May 1997.

The holders of the 940,000 Series A and the 270,000 Series B Preference Shares are entitled to an annual dividend per share equivalent to the greater of US$8.50 ($13.52) or the annual dividend paid in respect of a Common Share. The holder of each Preference Share is entitled to be paid US$100.00 ($163.27) upon liquidation. The Series A and Series B Preference Shares may be redeemed at the option of WEA any time after 1 July 2003 and 21 May 2004 respectively, upon payment of US$100.00 ($163.27) per share together with any accrued dividend.

2 Non-Voting Preference Shares are entitled to an annual dividend of US$35.00 ($55.65) per share. The holder of each Non-Voting Preference Share is entitled to be paid US$550.00 ($897.96) upon liquidation. The Non-Voting Preference Shares may be redeemed at the option of WEA any time after 20 February 1999 upon payment of US$550.00 ($897.96) per share together with any accrued dividend.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
17 RATES, TAXES AND OTHER PROPERTY OUTGOINGS				
Rates, Taxes and Other Property Outgoings include the following charges/(credits):				
Property Maintenance and Repairs expenses	10.7	8.2	16.9	11.1
Amortisation of deferred costs	2.8	0.6	4.5	0.8
Real Estate Management Fees paid and payable to the Manager or its Associates	12.2	8.3	19.4	11.1
Expense Reimbursement to the Manager or its Associates	18.5	14.4	29.4	19.4
Included in the above amounts are Real Estate Management Fees and Reimbursible Expenses payable at 31 December 1998 of:	1.3	1.1	2.2	1.8
18 INTEREST AND OTHER BORROWING COSTS				
Interest costs	117.4	67.4	186.1	90.4
Other borrowing costs	3.6	0.2	5.7	0.2
Less: amounts capitalised	(1.4)	(1.4)	(2.2)	(1.9)
Interest and other borrowing costs expensed	119.6	66.2	189.6	88.7
19 AUDITORS' REMUNERATION				
Amounts paid or due and payable to:				
Auditors of the Chief Entity: - for audit services	0.096	0.116	0.153	0.156
- for other services	–	0.029	–	0.039
Amounts paid or due and payable to:				
Affiliate of the Auditors of the Chief Entity: - for audit services	0.461	0.337	0.733	0.452
- for other services	–	0.096	–	0.148
	0.557	0.578	0.886	0.795

In addition to the above, fees amounting to US$0.062 million ($0.099 million) were paid or were payable by the Group during the financial period to an affiliate of the Auditors of the Chief Entity for professional services in respect of the WEA Public Offering of Capital Notes and issue of Cumulative Convertible Redeemable Preference Shares.

20 EARNINGS PER UNIT

Basic Earnings Per Unit Before Withholding Tax is calculated by dividing the Earnings Before Withholding Tax attributable to WAT by the weighted average number of Ordinary Units on issue during the year. Basic Earnings Per Unit After Withholding Tax is calculated by dividing the Earnings After Withholding Tax by the weighted average number of ordinary units on issue during the year.

Diluted Earnings Per Unit Before and After Withholding Tax is calculated by dividing the Earnings Before Withholding Tax attributable to WAT and the Distributable Income, respectively, in respect of the relevant financial year as adjusted for earnings arising from proceeds on issue of potential Ordinary Units by the weighted average number of Ordinary and potential Ordinary Units outstanding during that financial year.

Diluted Earnings Per Unit

		US CENTS		A CENTS	
		31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Before abnormal items	- before withholding tax	8.14	7.79	11.65	9.98
	- after withholding tax	7.57	7.23	10.88	9.26
Abnormal items	- after withholding tax	2.84	–	4.31	–
After abnormal items	- after withholding tax	10.41	7.23	15.19	9.26

The weighted average number of Ordinary Units for the financial year was 863,462,378 units (December 1997: 814,353,685 units).

Potential Ordinary Units include:

a) unexpired Special Options convertible to Ordinary Units. At 31 December 1998, there were 153,426,609 potential Ordinary Units on issue of which none were considered to be materially dilutive.

b) Partly Paid Units convertible to Ordinary Units. At 31 December 1998, there were 279,222,488 potential Ordinary Units on issue, all of which were considered to be dilutive.

	US$		A$	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
21 NET ASSET BACKING PER UNIT				
Net Asset Backing Per Unit	0.86	0.79	1.41	1.22

Net asset backing per unit is calculated by dividing the Equity Attributable to Unitholders of Westfield America Trust by the number of Ordinary Units on issue at the end of the financial year.

22 CONTINGENT LIABILITIES

The Redevelopment Agency of the City of West Covina issued US$45.0 million ($73.5 million) of special tax assessment municipal bonds (Original Bonds) on 1 March 1990, to finance land acquisition for the expansion of the shopping center and additional site improvements. During 1996, the Agency refinanced the Original Bonds by issuing certain serial and term bonds with a total face value of US$51.2 million ($83.6 million) (New Bonds) proceeds of which were used to redeem the Original Bonds. Special taxes levied against the property, which are recoverable from tenants pursuant to the terms of their leases, together with incremental property tax, incremental sales tax, and park and ride revenues will be used to pay the principal and interest on the New Bonds and the administrative expense of the Agency. Principal and interest payments on the New Bonds commenced in 1996 and will continue to 2022. The Group has the contingent obligation to satisfy any shortfall in annual debt service requirements after tenant recoveries.

The Group is involved in several lawsuits in the normal course of business. However, management believes that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

The Group also has contingent liabilities, estimated at US$16.1 million ($26.4 million) (1997 US$8.1 million ($12.5 million)), arising from obligations in respect of the performance of works pursuant to lease, construction and development commitments.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
23 CAPITAL EXPENDITURE COMMITMENTS				
Expenditure contracted but not provided for:				
Due within one year	54.8	55.4	89.5	85.0
Due after one year	–	–	–	–
	54.8	55.4	89.5	85.0

The above capital expenditure is committed to redevelop and expand investment properties owned by the Group.

24 UNHEDGED FOREIGN CURRENCY ITEMS

The net assets of the Group are not hedged except for $465.0 million of Australian Dollar denominated liabilities in relation to the Capital Notes which are subject to currency hedge contracts equivalent to US$301.1 million.

25 INTEREST AND CURRENCY HEDGES

The Group has entered into fixed interest rate hedges in respect of its borrowings as follows:				
Principal amount of fixed interest rate borrowings	1,252.9	703.2	2,019.0	1,078.6
Principal amount of floating rate borrowings for which fixed rate hedges have been taken out	1,400.0	225.0	2,285.7	345.1
Total fixed rate borrowings	2,652.9	928.2	4,304.7	1,423.7
Total fixed rate borrowings as a proportion of total borrowings (inclusive of Capital Notes and Convertible Redeemable Preference Shares)	91%	80%	91%	80%
Average fixed rate (inclusive of margins) of hedges and borrowings	7.21%	7.46%	7.21%	7.46%
Average remaining term (in months) of fixed rate hedges and borrowings	109	93	109	93

The average commercial borrowing rate at 31 December 1998 for similar types of borrowings and hedging arrangements is approximately 7.10% (7.38% at 31 December 1997).

		31 DEC 1998 CONTRACTS EXERCISABLE		31 DEC 1997 CONTRACTS EXERCISABLE	
		WITHIN 12 MONTHS	BETWEEN 13 & 60 MONTHS	WITHIN 12 MONTHS	BETWEEN 13 & 18 MONTHS
Forward exchange contracts (1)	to receive A$ Million	18.0	–	76.1	24.3
	to pay US$ Million	(13.8)	–	(58.7)	(18.5)
Cross currency swaps (2)	to receive A$ Million	–	465.0	–	–
	to pay US$ Million	–	(301.1)	–	–

(1) The Chief Entity has entered into currency hedges in respect of the dividends (net of withholding tax) and distributions that are receivable from its controlled entities in US$ in respect of the period to 31 December 1998. These hedges have been brought to account in the current financial year.

The average forward exchange rate for the above contracts is A$1.00=US$0.7630 (A$1.00=US$0.7686 at 31 December 1997). The average forward exchange rate at 31 December 1998 for contracts with similar maturity profiles was A$1.00=US$0.6128 (A$1.00=US$0.6566 at 31 December 1997).

(2) WEA has entered into a cross currency swap to hedge against the currency risk in relation to interest and capital repayments associated with the issue of Capital Notes to Australian investors which are denominated in Australian Dollars.

These cross currency swaps are recognised on the balance sheet in conjunction with the underlying liabilities to which the hedges relate. The exchange rate in relation to the above contracts is A$1.00=US$0.6475. The exchange rate at 31 December 1998 for a contract with a similar maturity profile was A$1.00=US$0.6125.

25 INTEREST AND CURRENCY HEDGES (continued)

Credit Risk

The Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial instruments is the carrying amount of those financial instruments as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. As at 31 December 1998, the Group's maximum credit risk exposure in relation to these was US$nil ($nil) (US$0.1 million ($0.2 million) at 31 December 1997).

In accordance with the policies determined by the board of the Manager, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments and fixed interest rate borrowings consist of a number of prime financial institutions.

26 SUBSEQUENT EVENTS

Since the end of the financial year, WEA acquired the remaining 32% interest in Wheaton Plaza for US$38.4 million (A$62.7 million).

27 RELATED PARTY TRANSACTIONS

Related party transactions that occurred during the financial period are set out below unless already disclosed elsewhere in these Financial Statements.

(i) Exercise of Westfield Holdings Limited Options by Westfield America, Inc.
On 27 April 1998, WEA exercised its options over 49.0 million ordinary shares in Westfield Holdings Limited (WHL), which had been issued in connection with the listing of WEA on the New York Stock Exchange in May 1997. As a consequence of the exercise of those options, WEA received 20,339,066 ordinary shares in WHL. WEA subsequently sold those ordinary shares, realising net proceeds of US$99.670 million ($154.374 million).

(ii) Issue of Partly Paid Units and Agreement to Subscribe for Additional Common Shares in Westfield America, Inc.
On 19 June 1998, in accordance with Unitholder approval obtained at a General Meeting of WAT Unitholders held on 29 May 1998, Westfield America Management Limited as manager of WAT (Manager) issued 9.3 million Partly Paid Units of $50.20 each in WAT, with a total face value of $466.860 million. The Partly Paid Units were issued in three series which, subject to payment of the final instalments, convert into fully paid ordinary WAT units in June 2001, 2002 and 2003 at a 5% discount to the prevailing market price for ordinary WAT units at those times. A total of $155.000 million is payable by way of the final instalments on each series of Partly Paid Units.

On 29 May 1998, in accordance with WAT Unitholder approval obtained at a General Meeting of Unitholders held on 22 April 1998, the Manager and Perpetual Trustee Company Limited as trustee of WAT (WAT Trustee) also entered into an agreement with WEA under which the WAT Trustee agreed to use the proceeds received from payment of the final instalments of the Partly Paid Units to subscribe for additional shares of Common Stock in WEA (WEA Common Stock) in June 2001, 2002 and 2003. This additional WEA Common Stock will be acquired at a 5% discount to the volume weighted average for WEA Common Stock traded on New York Stock Exchange on the trading day prior to the date of subscription.

(iii) Subscription for Series D Cumulative Convertible Redeemable Preference Shares in Westfield America, Inc.
On 12 August 1998, following Unitholder approval obtained at a General Meeting held on 10 August 1998, the WAT Trustee completed the acquisition of US$75.000 million of Series D Cumulative Convertible Redeemable Preference Shares in WEA (Series D Preference Shares). On that date, a WHL entity also completed the acquisition of US$50.000 million of Series D Preference Shares.

The Series D Preference Shares were issued at a price of US$180.00 each and are not quoted on the New York Stock Exchange or any other stock exchange. If holders of the WEA Common Stock vote in favour of a proposition to permit the Series D Preference Shares to convert into WEA Common Stock, each Series D Preference Share held by WAT will convert into WEA Common Stock at any time at the option of the WAT Trustee. Initially, each Series D Preference Share will convert into ten shares of WEA Common Stock (at an effective price of US$18.00). This conversion ratio is subject to customary anti-dilution adjustments. Dividends on each Series D Preference Share will be equal to the greater of 8.5% per annum or the dividend payable on the number of shares of WEA Common Stock into which the Series D Preference Share is then convertible. If WEA ceases to qualify to be taxed as a real estate investment trust (REIT), such dividends will be increased by a factor of 2.5.

27 RELATED PARTY TRANSACTIONS (continued)

The Series D Preference Shares are redeemable at the Option of WEA at 100% of face value at any time after 12 August 2008. In the usual course, at any time following 12 August 2008, if the market price of WEA Common Stock is at or below the conversion price (being US$18.00), each Series D Preference Share held by WAT will be redeemable at the option of the WAT Trustee at 100% of face value (including all accrued but unpaid dividends) for cash or WEA Common Stock at the option of WEA. In certain very unusual circumstances, they are also redeemable at the option of the WAT Trustee: (A) in circumstances where WEA ceases to be a REIT, at 115% of face value (including all accrued but unpaid dividends); and (B) in circumstances causing a change in control of WEA, at 105% of face value (including all accrued but unpaid dividends).

If WEA is wound up, each Series D Preference Share will carry a right to participate in the capital of WEA in the amount of US$180.00, ranking ahead of the rights of the holders of WEA Common Stock but behind all creditors and holders of other equity securities in WEA (unless the terms of those equity securities provide otherwise). The Series D Preference Shares carry no right to vote unless the vote relates to the rights of the Series D Preference Share.

(iv) Subscription for Series D-1 Cumulative Convertible Redeemable Preference Shares in Westfield America, Inc.

On 23 December 1998, the WAT Trustee completed the acquisition of US$25 million of Series D-1 Cumulative Convertible Redeemable Preference Shares in WEA (Series D-1 Preference Shares). The terms and conditions on which the Series D-1 Preference Shares were issued are identical in all material aspects to those on which the Series D Preference Shares were issued.

(v) Other

(a) Property management fees amounting to US$12.218 million ($19.428 million) (US$8.252 million ($11.073 million) for then year ended 31 December 1997) were payable under normal commercial terms and conditions to the WHL Group in respect of the current financial year.

(b) During the financial year, WEA paid under normal commercial terms and conditions, US$47.706 million ($75.856 million) (US$45.897 million ($61.590 million) for the year ended 31 December 1997) to the WHL Group in respect of expansion and redevelopment costs.

(c) During the financial year, the Group received interest amounting to US$14.7 million ($23.4 million) (US$8.326 million ($11.173 million) for the year ended 31 December 1997) in respect of the participating mortgage loan to WHL Group entities.

(d) Advisory and Manager's Service Fees

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Advisory Fee paid or due and payable to Associates of the Manager	6.140	–	9.763	–
Manager's Service Fee paid or due and payable to the Manager	–	–	–	–

WEA has engaged Westfield U.S. Advisory L.P. (Advisor) to provide information, advice and assistance to WEA and to undertake certain duties and responsibilities on behalf of, and subject to, the supervision of WEA. The Advisor will be paid an annual Advisory Fee equal to the lesser of 0.55% of the net equity value of WEA, or, 25% of the annual Funds From Operations of WEA in excess of a base amount of Funds From Operations as adjusted from time to time to reflect new issues of common stock. The term Funds From Operations means net income/(loss) (computed in accordance with generally accepted accounting principles in the United States) (GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortisation and after adjustments for consolidated partnerships and joint ventures.

27 RELATED PARTY TRANSACTIONS (continued)

WAT and Westfield America Management Limited (Manager) entered into an agreement whereby WAT will be managed by the Manager for which the Manager will be paid an annual fee of 0.55% of the net asset value of WAT. In addition, the Manager has agreed that this fee payable by WAT will be reduced by an amount equivalent to the proportion of the Advisory Fee paid by WEA to the Advisor which is attributable to WAT's ownership interest in WEA.

The Manager and the Advisor agreed at the time of the listing of WAT to forego the entitlement to their Service Fees for the period from 28 March 1996, the inception of WAT, to 31 December 1997. In addition, the Manager has agreed to forego its entitlement to the Service Fee being the amount in excess of WAT's ownership interest proportion of the Advisory Fee paid by WEA to the Advisor, for the period ended 31 December 1998.

(e) Directors' Remuneration

F G Hilmer, R L Furman, H Huizinga, B Marcus, L A Silverstein, F T Vincent Jr and G Weissman each received directors' fees of US$20,000 ($31,802) and WEA Common Stock at a market value of US$19,945 ($31,714) in respect of the year ended 31 December 1998 (F G Hilmer, R L Furman, H Huizinga, L A Silverstein, F T Vincent Jr and G Weissman each received directors' fees of US$12,500 ($16,774) and WEA Common Stock at a market value of US$12,767 ($17,132) and B Marcus received directors' fees of US$5,761 ($7,731) and WEA Common Stock at a market value of US$5,808 ($7,794) in respect of the year ended 31 December 1997). The executive directors of WEA, F P Lowy, D H Lowy and P S Lowy received no directors' fees in respect of the years ended 31 December 1997 and 1998.

Other than as stated above, the Directors of WEA did not receive any remuneration from WAT or its controlled entities.

28 FINANCIAL REPORTING BY SEGMENTS

The Group operates solely as a retail property investor in the United States.

29 DETAILS OF CONSOLIDATED CONTROLLED ENTITIES AND PROPORTIONATELY CONSOLIDATED PROPERTY OWNING ASSOCIATE ENTITIES

	NOTES	INTEREST BENEFICIAL %	INTEREST CONSOLIDATED %
Chief Entity			
Westfield America Trust	a d	100.00	100.00
Consolidated Controlled Entities			
Westfield America, Inc.	b d e	49.68	100.00
Westfield America G.P., Inc.	b d e	49.68	100.00
Westfield America M.S., Inc.	b d e	49.68	100.00
Westfield America of Meriden Square, Inc.	b d e	49.68	100.00
Westfield America of Annapolis, Inc.	b d e	49.68	100.00
Westfield America of Bonita, Inc.	b d e	49.68	100.00
Westfield America of Missouri, Inc.	b d e	49.68	100.00
Westfield America of Vancouver, Inc.	b d e	49.68	100.00
Westfield America of West Covina, Inc.	b d e	49.68	100.00
Westfield America of Wheaton, Inc.	b d e	49.68	100.00
WEA Annapolis, Inc.	b d e	49.68	100.00
WEA Crestwood Plaza Limited Liability Corporation	b d e	49.68	100.00
WEA CT Houses Limited Liability Corporation	b d e	49.68	100.00
WEA Meriden Square Limited Liability Corporation	b d e	49.68	100.00
WEA Meriden Square No.2 Limited Liability Corporation	b d e	49.68	100.00
WEA Meriden Square No.3 Limited Liability Corporation	b d e	49.68	100.00
WEA Meriden Square, Inc.	b d e	49.68	100.00
WEA NY Houses Limited Liability Corporation	b d e	49.68	100.00
Annapolis Mall Limited Liability Corporation	b d e	49.68	100.00
Capital Mall Company	b d e	49.68	100.00
Capital Shopping Center, Inc.	b d e	49.68	100.00
Capital Shopping Center Limited Liability Corporation	b d e	49.68	100.00
CMF, Inc.	b d e	49.68	100.00
Connecticut Post Mall Limited Liability Corporation	b d e	49.68	100.00
Connecticut Post Mall No.2 Limited Liability Corporation	b d e	49.68	100.00
Crestwood Plaza, Inc.	b d e	49.68	100.00
Downtown Plaza Limited Liability Corporation	b d e	49.68	100.00
Eagle Rock Plaza Limited Liability Corporation	b d e	49.68	100.00
Eagle Rock Properties, Inc.	b d e	49.68	100.00
Eastland Shopping Center Limited Liability Corporation	b d e	49.68	100.00
Enfield Square, Inc.	b d e	49.68	100.00
Enfield Square Limited Liability Corporation	b d e	49.68	100.00
Fox Hills Mall, Inc.	b d e	49.68	100.00
Fox Hills Mall Limited Liability Corporation	b d e	49.68	100.00
FH Financing Limited Liability Corporation	b d e	49.68	100.00
Horton Plaza, Inc.	b d e	49.68	100.00
Horton Plaza Limited Liability Corporation	b d e	49.68	100.00
Horton Land Limited Liability Corporation	b d e	49.68	100.00
Los Cerritos Shopping Center, Inc.	b d e	49.68	100.00
Los Cerritos Limited Liability Corporation	b d e	49.68	100.00
Mid Rivers, Inc.	b d e	49.68	100.00
Mid Rivers Land Limited Liability Corporation	b d e	49.68	100.00
Mid Rivers Mall Limited Liability Corporation	b d e	49.68	100.00
Mid Rivers Office Development I, Inc.	b d e	49.68	100.00
Mission Valley Center Limited Liability Corporation	b d e	49.68	100.00
Mission Valley Finance Corporation	b d e	49.68	100.00
Montgomery Mall of Maryland Limited Liability Corporation	b d e	49.68	100.00
Montgomery Mall Properties, Inc.	b d e	49.68	100.00
North County Fair Limited Liability Corporation	b d e	49.68	100.00
Northwest Plaza, Inc.	b d e	49.68	100.00
Northwest Plaza Limited Liability Corporation	b d e	49.68	100.00
Oakridge Mall, Inc.	b d e	49.68	100.00
Oakridge Mall Limited Liability Corporation	b d e	49.68	100.00
Parkway Plaza, Inc.	b d e	49.68	100.00
Parkway Plaza Limited Liability Corporation	b d e	49.68	100.00
Plaza Bonita, Inc.	b d e	49.68	100.00
Plaza Bonita Limited Liability Corporation	b d e	49.68	100.00
Plaza Camino Real Limited Liability Corporation	b d e	49.68	100.00
Plaza West Covina, Inc.	b d e	49.68	100.00
Plaza West Covina Limited Liability Corporation	b d e	49.68	100.00
Promenade Center Limited Liability Corporation	b d e	49.68	100.00

29 DETAILS OF CONSOLIDATED CONTROLLED ENTITIES AND PROPORTIONATELY CONSOLIDATED PROPERTY OWNING ASSOCIATE ENTITIES (continued)

	NOTES	INTEREST BENEFICIAL %	INTEREST CONSOLIDATED %
Residential Rental and Investments, Inc.	b d e	49.68	100.00
Santa Anita Fashion Park Limited Liability Corporation	b d e	49.68	100.00
Solano Mall Limited Liability Corporation	b d e	49.68	100.00
South County Center Limited Liability Corporation	b d e	49.68	100.00
South County Post Office Limited Liability Corporation	b d e	49.68	100.00
South County Properties, Inc.	b d e	49.68	100.00
South Shore Mall Limited Liability Corporation	b d e	49.68	100.00
Topanga Center, Inc.	b d e	49.68	100.00
Topanga Plaza Limited Liability Corporation	b d e	49.68	100.00
Trumbull Mall Limited Liability Corporation	b d e	49.68	100.00
University Towne Centre Limited Liability Corporation	b d e	49.68	100.00
Vancouver Mall Limited Liability Corporation	b d e	49.68	100.00
WAP HC, Inc.	b d e	49.68	100.00
West County Center Limited Liability Corporation	b d e	49.68	100.00
West Park Mall, Inc.	b d e	49.68	100.00
West Park Mall Limited Liability Corporation	b d e	49.68	100.00
West Park Shopping Center, Inc.	b d e	49.68	100.00
West Valley Limited Liability Corporation	b d e	49.68	100.00
Westfield Independence Limited Liability Corporation	b d e	49.68	100.00
Westfield Management, Inc.	b d e	49.68	100.00
Westfield Mission Valley Corporation	b d e	49.68	100.00
Westland Milford Properties, Inc.	b d e	49.68	100.00
Westland Partners, Inc.	b d e	49.68	100.00
Westland Properties, Inc.	b d e	49.68	100.00
Westland Town Center Limited Liability Corporation	b d e	49.68	100.00
Wheaton Plaza No.1 Limited Liability Corporation	b d e	49.68	100.00
WPI Meriden Square, Inc.	b d e	49.68	100.00
Annapolis Mall Limited Partnership	c d e	49.68	100.00
Connecticut Post Limited Partnership	c d e	49.68	100.00
EWH Escondido Associates Limited Partnership	c d f	49.68	100.00
Montgomery Mall Limited Partnership	c d e	49.68	100.00
Meriden Square Partnership	c d e	49.68	100.00
Topanga Plaza Partnership	c d e	49.68	100.00
Westfield America Investor Limited Partnership	c d e	49.68	100.00
Westfield America Limited Partnership	c d e	49.68	100.00
Westfield Independence Mall Limited Partnership	c d e	49.68	100.00
West Park Partners Limited Partnership	c d e	49.68	100.00
Westland Shopping Center Limited Partnership	c d e	49.68	100.00
Westland South Shore Mall Limited Partnership	c d e	49.68	100.00
Proportionately Consolidated Property Owning Associate Entities			
Anita Associates	c d e	44.55	89.68
Independence Mall Associates Limited Partnership	c d e	34.77	70.00
Hahn UPI	c d e	39.42	79.36
M-R St. Peters Limited Partnership	c d e	24.84	50.00
MBM Associates - New Limited Partnership	c d e	0.50	1.00
Mid Rivers Limited Partnership	c d e	16.56	33.33
Mission Valley Partnership	c d e	37.65	75.80
Owensmouth Office Associates Limited Partnership	c d e	10.56	21.25
Plaza Camino Real Partnership	c d e	19.87	40.00
UPI Associates	c d e	8.66	17.44
V F Mall Limited Liability Corporation	b d e	24.84	50.00
Vancouver Mall Partnership	c d e	24.84	50.00
West Valley Partnership	c d e	21.11	42.50
Wheaton Plaza Regional Shopping Centre Limited Partnership	c d e	33.78	68.00

Notes

a Trust.
b Company - incorporated in the United States.
c Partnership - formed in the United States.
d Principal activity - property investment.
e Business entity audited by affiliates of the auditors of the Chief Entity.
f Business entity audited by other auditors.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
30 NOTES TO THE STATEMENT OF CASH FLOWS				
(a) COMPONENTS OF CASH				
Cash	54.7	40.1	77.5	57.6
Bank Bills Receivable	–	11.1	–	14.2
Bank overdrafts	(0.0)	–	(0.0)	–
	54.7	51.2	77.5	71.8
(b) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO EARNINGS AFTER WITHHOLDING TAX BUT BEFORE OUTSIDE EQUITY INTERESTS				
Net cash in/(out) flows from operating activities	255.1	160.7	405.7	215.6
Currency translation differences	–	–	(17.7)	(3.9)
Bad debt provision	3.0	3.0	4.8	4.0
Interest expense	(119.6)	(66.1)	(189.6)	(88.7)
United States Withholding Tax expense	(6.1)	(5.5)	(8.3)	(7.1)
Abnormal items after tax	66.7	–	101.5	–
(Decrease)/Increase in other net assets attributable to operating activities	(2.3)	15.1	(3.7)	20.3
Earnings After Abnormal Items and Withholding Tax but before Outside Equity Interests	196.8	107.2	292.7	140.2

(c) NON CASH FINANCING AND INVESTING ACTIVITIES

The payment for purchases of property, plant and equipment of $2,361.3 million is after allowing for $780.7 million of borrowings and other liabilities assumed at the time of acquisition and $53.1 million of equity contributions received from minority interests.

(d) FINANCING FACILITIES

Firmly committed financing facilities available to the Group are as follows:				
Total financing facilities#	2,560.7	1,307.1	4,180.9	2,004.7
Amounts utilised*	(2,430.4)	(1,166.2)	(3,968.1)	(1,788.6)
Available financing facilities#	130.3	140.9	212.8	216.1
Cash (see note 30 (a))	54.7	51.2	77.5	71.8
Total available financing facilities	185.0	192.1	290.3	287.9

* Amounts utilised have been translated at exchange rates ruling at balance date and do not include the effects of currency hedge contracts.

\# Financing facilities comprise:

(a) term loans from banks and financial institutions in respect of specific retail property investments; and

(b) bank facilities for general corporate and property redevelopment purposes.

Available financing facilities comprise term loans for general corporate and property redevelopment purposes (refer details as set out in Note 11) and undrawn bank facilities as set out below:

30 NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(i) - an unsecured revolving credit facility of US$600.0 million ($979.6 million) (US$600.0 million ($920.2 million) at 31 December 1997), with a consortium of banks. The facility is an interest only floating rate facility maturing in May 2000 and is extendable at each anniversary date for a further period of one year. At 31 December 1998, amounts available under this facility totalled US$110.0 million ($179.6 million) (US$137.0 million ($210.1 million) at 31 December 1997).

(ii) - an unsecured revolving credit facility of $65.0 million (US$39.8 million) ($6.0 million (US$3.9 million) at 31 December 1997) with a bank. The facility is an interest only floating rate facility maturing in December 1999 extendable at each anniversary date for a further period of one year. At 31 December 1998, amounts available under this facility totalled $33.2 million (US$20.3 million) ($6.0 million (US$3.9 million) at 31 December 1997).

distribution statement

For the year ended 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(k)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Operating Revenue					
Interest Income		0.9	0.7	1.5	1.0
Dividends from Controlled Entities		60.9	31.2	80.5	40.0
Distributions from Controlled Entities		–	37.1	–	47.6
Other Income		0.1	–	0.1	–
		61.9	69.0	82.1	88.6
Less - Operating Expenditure					
Legal Fees		–	0.1	–	0.1
Auditors' Remuneration	8	0.1	0.1	0.2	0.2
Trustee Fees		0.1	0.1	0.1	0.1
Manager's Service Fee	11	–	–	–	–
Other Expenses		0.5	0.1	0.9	0.3
		0.7	0.4	1.2	0.7
Abnormal item					
Charge on termination of excess currency hedges		–	–	(1.1)	–
Earnings Before Withholding Tax		61.2	68.6	79.8	87.9
Less - United States Withholding Tax thereon		9.6	4.5	12.6	5.8
Earnings After Withholding Tax	13	51.6	64.1	67.2	82.1
Add/(Less) - Amounts Transferred from/(to) Reserves	7	12.1	(5.2)	17.2	(6.7)
Distributable Income		63.7	58.9	84.4	75.4
Less - Distribution Paid		28.9	27.8	37.8	35.4
Less - Distribution Payable		34.8	31.1	46.6	40.0
Retained Earnings brought forward		0.0	0.0	0.0	0.0
Retained Earnings carried forward		0.0	0.0	0.0	0.0

statement of the constitution of the fund

As at 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(k)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
CURRENT ASSETS					
Cash		0.7	6.5	1.4	8.5
Bank Bills Receivable		–	11.1	–	14.2
Receivables	2	16.3	18.5	21.4	23.8
TOTAL CURRENT ASSETS		17.0	36.1	22.8	46.5
NON-CURRENT ASSETS					
Investments	3	810.8	647.3	1,335.3	994.0
TOTAL NON-CURRENT ASSETS		810.8	647.3	1,335.3	994.0
TOTAL ASSETS		827.8	683.4	1,358.1	1,040.5
CURRENT LIABILITIES					
Accounts Payable	4	37.7	31.3	50.7	40.3
TOTAL CURRENT LIABILITIES		37.7	31.3	50.7	40.3
NON CURRENT LIABILITIES					
Borrowings	5	16.6	–	31.8	–
TOTAL NON-CURRENT LIABILITIES		16.6	–	31.8	–
TOTAL LIABILITIES		54.3	31.3	82.5	40.3
NET ASSETS		773.5	652.1	1,275.6	1,000.2
EQUITY INTERESTS					
Units on Issue	6	728.4	658.3	938.6	822.4
Reserves	7	45.1	(6.2)	337.0	177.8
Retained Earnings		0.0	0.0	0.0	0.0
TOTAL EQUITY INTERESTS		773.5	652.1	1,275.6	1,000.2

statement of cash flows

For the year ended 31 December 1998

	NOTE	US$ MILLION		A$ MILLION	
	1(k)	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments in the course of operations		(0.7)	(0.7)	(1.0)	(0.9)
Dividends and distributions from controlled entities		59.1	65.9	77.6	84.3
Interest received		1.0	0.7	1.6	0.9
CASH IN/(OUT) FLOWS FROM OPERATING ACTIVITIES	13(b)	59.4	65.9	78.2	84.3
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for the purchase of interests in controlled entity		(100.0)	(130.5)	(164.9)	(163.1)
Payments for purchase of options in controlled entity		–	(2.5)	–	(3.3)
CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES		(100.0)	(133.0)	(164.9)	(166.4)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of capital to Unitholders (net of costs)		70.4	130.5	116.8	163.0
Issue of options		–	2.1	–	2.7
Borrowings - proceeds		16.6	0.0	31.8	0.0
Distributions paid		(60.0)	(48.9)	(77.8)	(62.1)
United States Withholding Taxes paid		(3.3)	(8.9)	(4.3)	(11.2)
CASH IN/(OUT) FLOWS FROM FINANCING ACTIVITIES		23.7	74.8	66.5	92.4
NET CASH IN/(OUT) FLOWS FOR THE YEAR		(16.9)	7.7	(20.2)	10.3
CASH BALANCE AT BEGINNING OF THE YEAR		17.6	9.9	22.7	12.4
Exchange gains/(losses) on cash balance brought forward at the beginning of the year		–	–	(1.1)	0.0
CASH BALANCE AT END OF THE YEAR	13(a)	0.7	17.6	1.4	22.7

As at 31 December 1998

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial Statements are a general purpose financial report which have been prepared in accordance with the requirements of the Corporations Law, applicable Australian Accounting Standards and other mandatory professional reporting requirements. The Financial Statements have been prepared on the basis of historical cost accounting and do not purport to disclose current values except where indicated.

The accounting policies adopted are in all material respects consistent with those applied in the previous year except as otherwise stated.

(b) Foreign Currencies

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction or at hedge rates where applicable.

Amounts payable to and by the Chief Entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the year. Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are brought to account in determining the earnings before withholding tax for the financial year, and transaction costs, premiums and discounts on forward currency contracts are deferred and amortised over the life of the contract.

(c) Revenue

Dividends and capital distributions paid and payable by controlled entities to the Chief Entity have, following appropriate adjustments to comply with applicable Australian Accounting Standards and requirements of the Trust Deed, been recorded as income in the Financial Statements of the Chief Entity on an accruals basis.

(d) Expenditure

Expenditure is brought to account on an accruals basis.

(e) Income Tax

Under current Income Tax legislation, the Chief Entity is not liable to income tax including capital gains tax, provided it distributes an amount at least equal to its distributable income (as defined in the Trust Deed) for the year.

(f) Investments

Investment in a controlled entity is revalued at each balance date to reflect the Chief Entity's proportionate interest in the underlying net asset value of the controlled entity.

(g) Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts.

(h) Financial Information Expressed in United States Dollars

In addition to all amounts reported in Australian Dollars ("A$" or "$"), where appropriate, United States Dollar amounts or equivalent amounts ("US$") have also been provided in respect of certain assets, liabilities, revenue and expenditure.

The amounts reported in US$ have been translated at the hedge rate in respect of specifically hedged items, the average rate in respect of all other profit and loss items and the year end rate in respect of all other balance sheet items.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Derivatives and Other Financial Instruments

The Chief Entity's activities expose it to changes in foreign exchange rates. There are policies and limits approved by the Board of Directors of the Manager in respect of the usage of derivative and other financial instruments to hedge cashflows subject to currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

Recognised Financial Instruments

Financial Assets

Investments

Investment in a controlled entity is revalued at each balance date to reflect the Chief Entity's proportionate interest in the underlying net asset value of the controlled entity. Investments in unlisted shares and securities are carried at cost. Terms and conditions are set out in Note 3.

Unrecognised Derivative Financial Instruments

Forward Exchange Contracts

The Chief Entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of a proportion of its foreign currency denominated future earnings covering the period to 31 December 1998. The Chief Entity's policy is not to hedge earnings beyond 31 December 1998. The value of the forward exchange contracts are brought to account in conjunction with the income to which the hedges relate. Terms and conditions are set out in Note 10.

The Chief Entity does not trade in derivative financial instruments for speculative purposes. In conjunction with its advisers, the Chief Entity continually reviews its exposures and upgrades its treasury policies and procedures.

Revenues or expenses arising from changes in the net market values of hedging instruments are matched and brought to account with the carrying values and income streams of the underlying assets or liabilities.

Disclosure of Market Values

The applicable market rates and prices in respect of derivative and other financial instruments are set out in the notes to these Financial Statements.

(j) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term borrowings.

(k) Rounding

Pursuant to ASIC Class Order 98/100, the amounts shown in the Financial Statements have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as '0.0' represent amounts less than $50,000 that have been rounded down.

(l) Comparative Figures

Where appropriate, certain comparative figures have been restated in order to comply with the current year's presentation of the Financial Statements.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
2 RECEIVABLES				
Other debtors	0.0	4.1	0.0	5.3
Amounts due from Westfield America, Inc.	16.3	14.4	21.4	18.5
	16.3	18.5	21.4	23.8
3 INVESTMENTS				
41,118,110 listed common shares in Westfield America, Inc ("WEA"), a controlled entity, at Manager's valuation.	708.3	644.8	1,167.1	990.7
Investment in unlisted shares in WEA at cost *	100.0	–	164.9	–
Investment in unlisted securities in WEA at cost **	2.5	2.5	3.3	3.3
Total investment in WEA , at Manager's valuation based on the proportionate interest in the underlying net asset value of WEA.	810.8	647.3	1,335.3	994.0

* Represents 555,556 US$180.00 Convertible Redeemable Preference Shares in WEA. These Preference Shares are not quoted on any stock exchange. If holders of the WEA Common Stock vote in favour of a proposition to permit the Preference Shares to convert into WEA Common Stock, each Preference Share will convert into WEA Common Stock at any time at the option of the holder. Initially, each Preference Share will convert into ten shares of WEA Common Stock (at an effective price of US$18.00 per Common Stock). This conversion ratio is subject to customary anti-dilution adjustments. Dividends on each Preference Share will be equal to the greater of 8.5% per annum or the dividend payable on the number of shares of WEA Common Stock into which the Preference Share is then convertible. If WEA ceases to qualify to be taxed as a real estate investment trust ("REIT"), such dividends will be increased by a factor of 2.5.

The Preference Shares are redeemable at the Option of WEA at 100% of face value at any time after the 12 August 2008. In the usual course, at any time following 12 August 2008, if the market price of WEA Common Stock is at or below the conversion price (being US$18.00), each Preference Share will be redeemable at the option of the holder at 100% of face value (including all accrued but unpaid dividends) for cash or WEA Common Stock at the option of WEA. In certain very unusual circumstances, they are also redeemable at the option of the holder: (A) in circumstances where WEA ceases to be a REIT, at 115% of face value (including all accrued but unpaid dividends); and (B) in circumstances causing a change in control of WEA, at 105% of face value (including all accrued but unpaid dividends).

If WEA is wound up, each Preference Share will carry a right to participate in the capital of WEA in the amount of US$180.00, ranking ahead of the rights of the holders of WEA Common Stock but behind all creditors and holders of other equity securities in WEA (unless the terms of those equity securities provide otherwise). The Preference Shares carry no right to vote unless the vote relates to the rights of the Preference Shares.

** Represents options to acquire:

(a) 6,246,096 WEA ordinary shares at an exercise price of US$16.01 per share. The options are exercisable during the twenty year period ending on 1 July 2016.

(b) 2,089,552 WEA ordinary shares at an exercise price of US$15.00 per share. The options are exercisable during the twenty year period ending on 21 May 2017.

At 31 December 1998, WEA common shares were quoted at US$17.25 (equivalent to A$28.16) per share on the New York Stock Exchange.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
4 ACCOUNTS PAYABLE				
Trade creditors	0.5	0.2	0.8	0.3
United States Withholding Tax payable	2.4	–	3.2	–
Distribution payable to Unitholders	34.8	31.1	46.7	40.0
	37.7	31.3	50.7	40.3
5 BORROWINGS				
Bank loans - unsecured (refer note 13(c))	16.6	–	31.8	–
6 ISSUED CAPITAL				
Ordinary Units on Issue				
Ordinary Units of $1.00 each Fully Paid — Number of Units				
Balance at beginning of the year 822,362,378	658.3	501.8	822.4	626.9
Placement - net of costs				
allotment date - 2 January 1997 –	–	130.5	–	163.0
allotment date - 30 June 1998 82,200,000	68.9	–	114.4	–
Exercise of Ordinary Options				
allotment date - 18 May 1997 –	–	26.0	–	32.5
Balance at end of the year 904,562,378	727.2	658.3	936.8	822.4
Partly Paid Units on Issue				
Partly Paid Units of $50.20 each				
Partly Paid to $0.20 each				
Balance at beginning of the year –	–	–	–	–
Public offering during the year				
(allotment date - 19 June 1998) Series A 3,100,000	0.4	–	0.6	–
Series B 3,100,000	0.4	–	0.6	–
Series C 3,100,000	0.4	–	0.6	–
Balance at end of the year 9,300,000	1.2	–	1.8	–

Options on Issue

	Number of Options			
Special Options - Series A	940,000	convertible to	117,426,609	WAT fully paid $1.00 Units
Special Options - Series B	270,000	convertible to	36,000,000	WAT fully paid $1.00 Units
			153,426,609	

Partly Paid Units - $466.86 million

Subject to payment of the final instalment of $50.00 for each of the series, the Series A, Series B and Series C Partly Paid Units will convert into Ordinary Units in WAT on 29 June 2001, 28 June 2002 and 30 June 2003 respectively at a 5% discount to the market price for Ordinary Units at that time. The funds raised on conversion, totalling $466.86 million, have been underwritten by Warburg Dillon Read Australia Limited and will be used by WAT, pursuant to an agreement dated 29 May 1998, to subscribe for additional Common Shares in WEA at a 5% discount to the market price for Common Shares at the time.

At any time up to two days prior to the due date for the final instalment on a series of Partly Paid Units, Westfield America Management Limited, the Manager, has the right to redeem that series by the payment of $2.64 per Partly Paid Unit or by the issue of Ordinary Units to the value of $2.64.

The Partly Paid Units have no distribution entitlement to the income of WAT. The Ordinary Units into which they convert following payment of the final instalment will rank for distribution from 1 July following each respective conversion date.

6 ISSUED CAPITAL (continued)

Prior to the payment of the final instalment, the Partly Paid Units have no voting entitlement at meetings of unitholders in WAT except where the Corporations Law or the Listing Rules requires that Partly Paid Units carry an entitlement to vote, in which case there is a voting entitlement based on the proportion of the paid up amount on each unit to 95% of the then market value of Ordinary Units in WAT.

The Partly Paid Units are quoted as stapled securities, with each stapled security consisting of one Series A, one Series B and one Series C Partly Paid Unit. At 31 December 1998, there were 9,300,000 Partly Paid Units representing 3,100,000 stapled securities on issue which would have been convertible to 279,222,488 WAT $1.00 Units as at 31 December 1998, based on conversion price of $30.02 per unit.

Special Options

Each Series A Special Option entitles the holder to subscribe for 124.92 fully paid $1.00 Units in exchange for either US$100.00 ($163.27) or 1 WEA Preference Share. The Series A Special Options are exercisable during the thirteen year period ending on 1 July 2011. At 31 December 1998, there were 940,000 Series A Special Options on issue which are convertible to 117,426,609 WAT $1.00 units.

Each Series B Special Option entitles the holder the right to subscribe for 133.33 fully paid $1.00 Units in exchange for either US$100.00 ($163.27) or 1 WEA Preference Share. The Series B Special Options are exercisable during the thirteen-year period ending on 21 May 2012. At 31 December 1998, there were 270,000 Series B Special Options on issue which are convertible to 36,000,000 WAT $1.00 units.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
7 RESERVES				
Asset Revaluation Reserve	43.0	(13.5)	334.3	168.4
Option Premium Reserve	2.1	2.1	2.7	2.7
General Reserve	–	5.2	–	6.7
	45.1	(6.2)	337.0	177.8
Movements In Reserves				
Asset Revaluation Reserve				
Balance at beginning of the year	(13.5)	–	168.4	–
Revaluation of investment in Westfield America, Inc.	63.4	(13.5)	176.4	168.4
Amounts transferred to Distributable Income during the year*	(6.9)	–	(10.5)	–
Balance at end of the year	43.0	(13.5)	334.3	168.4
Option Premium Reserve				
Balance at beginning of the year	2.1	–	2.7	–
Premium on issue of 270,000 Series B Special Options	–	2.1	–	2.7
Balance at end of the year	2.1	2.1	2.7	2.7
General Reserve				
Balance at beginning of the year	5.2	–	6.7	–
Amounts transferred to Distributable Income during the year*	(5.2)	5.2	(6.7)	6.7
Balance at end of the year	–	5.2	–	6.7

* In accordance with the provisions of the Trust Deed, dated 28 March 1996 as amended, the Manager, Westfield America Management Limited, has determined that $10.5 million (US$6.9 million) and $6.7 million (US$5.2 million) be transferred from the Asset Revaluation Reserve and General Reserve respectively to Distributable Income for the year ended 31 December 1998. Accordingly, Distributable Income (which is equal to Net Accounting Income) of the Trust for the year ended 31 December 1998 is $84.4 million (US$63.7 million).

		US$ MILLION		A$ MILLION	
		31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
8 AUDITORS' REMUNERATION					
Amounts paid or due and payable to:					
Auditors of the Chief Entity:	- for audit services	0.096	0.116	0.153	0.156
	- for other services	–	0.029	–	0.039
		0.096	0.145	0.153	0.195

9 NET ASSET BACKING PER UNIT	US$	US$	A$	A$
Net Asset Backing Per Unit	0.86	0.79	1.41	1.22

Net asset backing per unit is calculated by dividing Total Equity Interests by the number of Ordinary Units on issue at the end of the at the end of the financial year.

10 CURRENCY HEDGES

		31 DEC 1998 CONTRACTS EXERCISABLE WITHIN 12 MONTHS	31 DEC 1997 CONTRACTS EXERCISABLE WITHIN 12 MONTHS	31 DEC 1997 CONTRACTS EXERCISABLE BETWEEN 13 & 18 MONTHS
Forward exchange contracts	to receive A$ Million	18.1	76.1	24.3
	to pay US$ Million	(13.8)	(58.7)	(18.5)

The Chief Entity has entered into currency hedges in respect of the dividends (net of withholding tax) and distributions that are receivable from its controlled entities in US$ in respect of the period to 31 December 1998. These hedges have been brought to account in the current financial year.

The average forward exchange rate for the above contracts is A$1.00=US$0.7595 (A$1.00=US$0.7686 at 31 December 1997). The average forward exchange rate at 31 December 1998 for contracts with similar maturity profiles was A$1.00 =US$0.6128 (A$1.00=US$0.6566 at 31 December 1997).

Credit Risk

The Chief Entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial instruments is the carrying amount of those financial instruments as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. As at 31 December 1998, the Chief Entity's maximum credit risk exposure in relation to these was $nil ($nil at 31 December 1997).

In accordance with the policies determined by the board of the Manager, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of prime financial institutions.

11 RELATED PARTY TRANSACTIONS

Related party transactions that occurred during the financial period are set out below unless already disclosed elsewhere in these Financial Statements.

(i) Issue of Partly Paid Units and Agreement to Subscribe for Additional Common Shares in Westfield America, Inc.

On 19 June 1998, in accordance with Unitholder approval obtained at a General Meeting of WAT Unitholders held on 29 May 1998, Westfield America Management Limited as manager of WAT ("Manager") issued 9.3 million Partly Paid Units of $50.20 each in WAT, with a total face value of $466.860 million. The Partly Paid Units were issued in three series which, subject to payment of the final instalments, convert into fully paid ordinary WAT units in June 2001, 2002 and 2003 at a 5% discount to the prevailing market price for ordinary WAT units at those times. A total of $155.000 million is payable by way of the final instalments on each series of Partly Paid Units.

On 29 May 1998, in accordance with WAT Unitholder approval obtained at a General Meeting of Unitholders held on 22 April 1998, the Manager and Perpetual Trustee Company Limited as trustee of WAT ("WAT Trustee") also entered into an agreement with WEA under which the WAT Trustee agreed to use the proceeds received from payment of the final instalments of the Partly Paid Units to subscribe for additional shares of Common Stock in WEA ("WEA Common Stock") in June 2001, 2002 and 2003. This additional WEA Common Stock will be acquired at a 5% discount to the volume weighted average for WEA Common Stock traded on New York Stock Exchange on the trading day prior to the date of subscription.

11 RELATED PARTY TRANSACTIONS (continued)

(ii) Subscription for Series D Cumulative Convertible Redeemable Preference Shares in Westfield America, Inc.

On 12 August 1998, following Unitholder approval obtained at a General Meeting held on 10 August 1998, the WAT Trustee completed the acquisition of US$75.000 million of Series D Cumulative Convertible Redeemable Preference Shares in WEA ("Series D Preference Shares"). On that date, a WHL entity also completed the acquisition of US$50.000 million of Preference Shares.

The Series D Preference Shares were issued at a price of US$180.00 each and are not quoted on the New York Stock Exchange or any other stock exchange. If holders of the WEA Common Stock vote in favour of a proposition to permit the Series D Preference Shares to convert into WEA Common Stock, each Series D Preference Share held by WAT will convert into WEA Common Stock at any time at the option of the WAT Trustee. Initially, each Series D Preference Share will convert into ten shares of WEA Common Stock (at an effective price of US$18.00 per Common Stock). This conversion ratio is subject to customary anti-dilution adjustments. Dividends on each Series D Preference Share will be equal to the greater of 8.5% per annum or the dividend payable on the number of shares of WEA Common Stock into which the Series D Preference Share is then convertible. If WEA ceases to qualify to be taxed as a real estate investment trust ("REIT"), such dividends will be increased by a factor of 2.5.

The Series D Preference Shares are redeemable at the Option of WEA at 100% of face value at any time after 12 August 2008. In the usual course, at any time following 12 August 2008, if the market price of WEA Common Stock is at or below the conversion price (being US$18.00), each Series D Preference Share held by WAT will be redeemable at the option of the WAT Trustee at 100% of face value (including all accrued but unpaid dividends) for cash or WEA Common Stock at the option of WEA. In certain very unusual circumstances, they are also redeemable at the option of the WAT Trustee: (A) in circumstances where WEA ceases to be a REIT, at 115% of face value (including all accrued but unpaid dividends); and (B) in circumstances causing a change in control of WEA, at 105% of face value (including all accrued but unpaid dividends).

If WEA is wound up, each Series D Preference Share will carry a right to participate in the capital of WEA in the amount of US$180.00, ranking ahead of the rights of the holders of WEA Common Stock but behind all creditors and holders of other equity securities in WEA (unless the terms of those equity securities provide otherwise). The Series D Preference Shares carry no right to vote unless the vote relates to the rights of the Series D Preference Share.

(iii) Subscription for Series D-1 Cumulative Convertible Redeemable Preference Shares in Westfield America, Inc.

On 23 December 1998, the WAT Trustee completed the acquisition of US$25 million of Series D-1 Cumulative Convertible Redeemable Preference Shares in WEA ("Series D-1 Preference Shares"). The terms and conditions on which the Series D-1 Preference Shares were issued are identical in all material aspects to those on which the Series D Preference Shares were issued.

(iv) Other

Manager's Service Fees

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
Manager's Service Fee paid or due and payable to the Manager	–	–	–	–

WAT and Westfield America Management Limited ("Manager") entered into an agreement whereby WAT will be managed by the Manager for which the Manager will be paid an annual fee of 0.55% of the net asset value of WAT. In addition, the Manager has agreed that this fee payable by WAT will be reduced by an amount equivalent to the proportion of the Advisory Fee paid by WEA to the Advisor which is attributable to WAT's ownership interest in WEA.

WEA has engaged Westfield U.S. Advisory L.P. ("Advisor") to provide information, advice and assistance to WEA and to undertake certain duties and responsibilities on behalf of, and subject to, the supervision of WEA. The Advisor will be paid an annual Advisory Fee equal to the lesser of 0.55% of the net equity value of WEA, or 25% of the annual Funds From Operations of WEA in excess of a base amount of Funds From Operations as adjusted

11 RELATED PARTY TRANSACTIONS (continued)

(iv) Other (continued)

from time to time to reflect new issues of common stock. The term "Funds From Operations" means net income/(loss) (computed in accordance with generally accepted accounting principles in the United States) ("GAAP") excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortisation and after adjustments for consolidated partnerships and joint ventures.

The Manager and the Advisor agreed at the time of the listing of WAT to forgo the entitlement to their Service Fees for the period from 28 March 1996, the inception of WAT, to 31 December 1997. In addition, the Manager has agreed to forgo its entitlement to the Service Fee being the amount in excess of WAT's ownership interest proportion of the Advisory Fee paid by WEA to the Advisor, for the period ended 31 December 1998.

12 FINANCIAL REPORTING BY SEGMENTS

The Chief Entity operates solely as a retail property investor in the United States.

	US$ MILLION		A$ MILLION	
	31 DEC 1998	31 DEC 1997	31 DEC 1998	31 DEC 1997
13 NOTES TO THE STATEMENT OF CASH FLOWS				
(a) COMPONENTS OF CASH				
Cash	0.7	6.5	1.4	8.5
Bank Bills Receivable	–	11.1	–	14.2
	0.7	17.6	1.4	22.7
(b) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO EARNINGS AFTER WITHHOLDING TAX				
Net cash in/(out) flows from operating activities	59.4	65.9	78.2	84.3
United States Withholding Tax expense	(9.6)	(4.5)	(12.6)	(5.8)
Abnormal item	–	–	(1.1)	–
(Decrease)/Increase in other net assets attributable to operating activities	1.8	2.7	2.7	3.6
Earnings After Withholding Tax	51.6	64.1	67.2	82.1
(c) FINANCING FACILITIES				
Firmly committed financing facilities available to the Chief Entity are as follows:				
Total financing facilities #	39.8	3.9	65.0	6.0
Amounts utilised *	(19.5)	–	(31.8)	–
Available financing facilities #	20.3	3.9	33.2	6.0
Cash (see note 13(a))	0.7	17.6	1.4	22.7
Total available financing facilities	21.0	21.5	34.6	28.7

\# Financing facilities comprise bank facilities for general corporate purposes.

Available financing facilities at 31 December 1998 comprise an unsecured revolving credit facility of $65.0 million (US$39.8 million) ($6.0 million (US$3.9 million) at 31 December 1997) with a bank for general corporate purposes. The facility is an interest only floating rate facility maturing in December 1999 extendable at each aniversary date for a further period of one year.

* Amounts utilised have been translated at exchange rates ruling at balance date and do not include the effects of currency hedge contracts.

manager's statement

For the year ended 31 December 1998

In the opinion of the directors of Westfield America Management Limited as Manager of the Westfield America Trust, the accompanying Financial Statements, which have been prepared in accordance with the requirements of the Corporations Law, the provisions of the Trust Deed dated 28 March 1996, as amended, applicable Accounting Standards and other mandatory professional reporting requirements are drawn up so as to give a true and fair view of the state of affairs of the Westfield America Trust as at 31 December 1998 and the results of the activities of the Trust for the year ended 31 December 1998.

Signed in accordance with a resolution of the Directors of Westfield America Management Limited (ACN 072 780 619).

Sydney, 11 February 1999

F P Lowy AO
Chairman

S P Johns
Director

trustee's declaration

For the year ended 31 December 1998

In accordance with the Corporations Law, Perpetual Trustee Company Limited ACN 000 001 007 ("Trustee"), for the Westfield America Trust ("Trust"), declares, for the year ended 31 December 1998, that:

(a) the Financial Statements and notes thereto comply with the accounting standards;

(b) the Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Trust; and

(c) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable

Buy-Back Provisions

The Trust Deed and the Corporations Law specifically require the Trustee to supervise the making and maintaining of adequate buy-back arrangements by the Manager and to monitor the maintaining of such arrangements and the extent of compliance with the buy-back covenant.

The Manager's covenant in the Trust Deed to buy back Trust units is suspended while the units remain listed on the Australian Stock Exchange.

The Manager intends that the Australian Stock Exchange Listing of the Trust's units will be maintained at all times. As at the date of this statement, while the units of the Trust remain listed, no buy-back arrangements are necessary.

Made on 11 February 1999 for and on behalf of Perpetual Trustee Company Limited in accordance with a resolution of its Directors.

Fran Maddock
Assistant Manager

Eileen Chung
Senior Manager

independent audit report

To the Unitholders of Westfield America Trust ("the Trust")

Scope

We have audited the financial report of Westfield America Trust for the financial year ended 31 December 1998, being the Distribution Statements, Statements of Cash Flows, Statements of Constitution of the Fund, notes to the financial statements, and the Manager's Statement and Trustee's Declaration. The financial report includes the financial statements of Westfield America Trust, and the consolidated financial statements of the consolidated entity comprising the Westfield America Trust and the entities it controlled at year's end or from time to time during the financial year. The Trustee is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements, statutory requirements and the provisions of the Trust Deed, so as to present a view which is consistent with our understanding of Trust's and the economic entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Westfield America Trust is in accordance with:

(a) the Corporations Law including:

  (i) giving a true and fair view of the Trust's and the economic entity's financial position as at 31 December 1998 and their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements; and

(c) the provisions of the Trust Deed, dated 28 March 1996 as amended, constituting Westfield America Trust.

Ernst & Young

B J Long
Partner

Sydney
Date: 11 February 1999

trustee's report

For the year ended 31 December 1998

In conformity with the requirements of the Corporations Law, Perpetual Trustee Company Limited ACN 000 001 007 ("Trustee") makes the following Report with respect to Westfield America Trust ("Trust") and its controlled entities for the year ended 31 December 1998.

Corporations Law Section 299

(a) A review of the operations of the Trust during the financial year ended 31 December 1998 ("Financial Year") and the results of those operations is set out in the Manager's Report, at pages 6 to 19 ("Review of Operations").

(b) There were was no significant changes in the Trust's state of affairs during the Financial Year other than in connection with the acquisition by Westfield America Inc. of the TrizecHahn portfolio and other properties, and the capital raisings in connection therewith, as described in the Review of Operations, at pages 6 to 9.

(c) The principal activities of the Trust during the Financial Year were, the ownership and improvement of major shopping centres in the United States, via its investment in Westfield America, Inc. There were no significant changes in the nature of those activities during the Financial Year.

(d) No matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect:

(i) the Trust's operation in future financial years: or

(ii) the results of those operations future financial years; or

(iii) the Trust's state of affairs in future financial years.

(e) Other than as follows, the likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations, at pages 6 to 19.

The Managed Investments Act 1998 ("Act"), which commenced on 1 July 1998, substantially alters the regulation of managed investment schemes including unit trusts such as Westfield America Trust. In particular, on conversion of the Westfield America Trust to the scheme established by the Act, the existing division of responsibility between the Manager and the Trustee will cease and be replaced with a single responsible operator called the "responsibility entity". The Manager has indicated to the Trustee that it intends to seek to become the responsible entity for Westfield America Trust. Further information concerning this proposal will be communicated to Unitholders in the coming months.

Corporations Law Section 300

(a) The following distributions were paid to Unitholders during the Financial Year:

Ordinary Units:

4.86 cents per unit distribution - (equivalent to a gross distribution of 5.24 cents per unit of which 52% was tax advantaged) for the six months ended 31 December 1997, paid 27 February 1998.	$40.0 million
4.60 cents per unit distribution - (equivalent to a gross distribution of 5.3 cents per unit of which 10% is estimated to be tax advantaged) for the six months ended ended 30 June 1998, paid 28 August 1998.	$37.8 million

(b) The following distributions were recommended or declared for payment to Unitholders, but not paid, during the Financial Year:

Ordinary Units:

5.15 cents per unit distribution - (equivalent to a gross distribution of 5.9 cents per unit of which 10% is estimated to be tax advantaged) for the six months ended 31 December 1998, payable 26 February 1999.	$46.6 million

(c) Perpetual Trustee Company Limited has been the Trustee throughout the period of review.

(d) No options were:

(i) granted over unissued units in the Trust during or since the end of the Financial Year; or

(ii) granted to Perpetual Trustee Company Limited.

(e) Details of unissued units in Westfield America Trust which were under option as at the date of this Report are identical to those set out in Note 14 to the Financial Report on page 35.

(f) No units were issued in the Trust during or since the end of the Financial Year as a result of the exercise of an option over unissued units in the Trust.

(g) No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the Manager, the Trustee, or the auditors of the Trust. So long as the officers of both the Manager and the Trustee act in accordance with the Trust Deed and the Law, both parties remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Made on 11 February 1999 for and on behalf of Perpetual Trustee Company Limited.

Fran Maddock
Assistant Manager

Eileen Chung
Senior Manager

COMMENCEMENT DATE OF THE TRUST AND LIFE OF THE TRUST

Westfield America Trust ("Trust") was constituted on 28 March 1996 and commenced operations on 1 July 1996. The Trust will terminate on 28 March 2076 unless sooner terminated upon the occurrence of certain events described in the Trust Deed or by law.

PRINCIPAL ACTIVITIES

The principal activities of the Trust are, the ownership and improvement of major shopping centres in the United States, via its investment in Westfield America, Inc., ("WEA").

INVESTMENT AND BORROWING POLICY

(i) The policy for investment by the Trust for the time being is to invest in US retail property by means of its shareholding investment in WEA.

(ii) The Trust itself has a loan facility which it utilises from time to time for investment and working capital purposes.

INTEREST IN PROPERTY

During the twelve months ended 31 December 1998, neither the Manager nor any associate of the Manager held any interest in property held by the Trust or disposed of by the Trust.

VALUE OF ASSETS OF THE TRUST

The value of the assets of the Trust has changed as a result of the following transactions:

(a) the exercise by WEA of its options over 49 million ordinary shares in Westfield Holdings Limited ("WHL"), as a consequence of which WEA received 20,339,066 ordinary shares in WHL, which WEA subsequently sold;

(b) the acquisition by WEA of properties totalling US$1.8 billion as follows:

TrizecHahn

During the year, Westfield America, Inc. acquired interests in 12 regional and super regional shopping centres from TrizecHahn for US$1.4 billion. Of the 12 properties acquired, 9 were wholly owned and 3 were partial interests.

3 New Properties

Westfield America, Inc. acquired Crestwood Plaza and The Promenade as well as a 70% interest in Independence Mall for approximately of US$200 Million.

Remaining Partnership Interests

Westfield America, Inc. acquired the interests of its partners in a number of joint venture properties for approximately US$200 million. These were Topanga Plaza (58%), Santa Anita Fashion Park (50%) and Capital Mall (51%).

(c) capital expenditure on properties.

(d) proceeds from the issuance by WAT of 82.2 million Ordinary Units; and

(e) since the end of the financial year, the acquisition by WEA of the remaining 32% interest in Wheaton Plaza.

Further information in respect of the above is set out in notes 5 and 6 of the Financial Report.

UNITS HELD BY MANAGER OR ITS ASSOCIATES

As at 31 December 1998, the Manager beneficially held 100 ordinary units in the Trust, and associates of the Manager held 291,642,986 ordinary units and 26,640 Partly Paid Units in the Trust.

FEES AND CHARGES PAID TO THE MANAGER OR ITS ASSOCIATES

Fees and Charges paid to the Manager or its associates in relation to the affairs of the Trust during the twelve months ended 31 December 1998 are as follows:

	A$ Million
Manager's Service Charge	Nil
Advisory Fee	9.8
Real Estate Management Fees	19.4
Construction Costs and Professional Fees	75.9
Reimbursement of expenditure	29.4

REVENUE ATTRIBUTABLE TO UNITHOLDERS OF THE WESTFIELD AMERICA TRUST

	Cents per unit
Revenue per Unit	34.76 cents
Earnings before Withholding Tax, Abnormal items and Manager's Service Charge per Unit	10.94 cents
Cash distribution per Unit	9.75 cents

The weighted average number of units used in the calculation of earnings per unit is 863,462,378 units.

corporate governance statement

The main corporate governance practices of Westfield America Trust ("the Trust") are set out below. Unless otherwise stated, these practices were in place for the entire year.

Trustee Role

The Trustee of Westfield America Trust, Perpetual Trustee Company Limited, is a member of the Perpetual Trustee Group, which is Australia's largest independent Trustee organisation having extensive experience in acting as Trustee of unit trusts including listed property Trusts.

The Trustee's role is to ensure that the Trust is administered and maintained and that unitholders' interests are adequately safeguarded in conformity with the terms of the Trust Deed and applicable legal requirements and consistently with prudential standards appropriate to the operation of a major public trust.

The Trustee's duties include the review and approval of investment proposals with respect to the assets of the Trust that are forwarded to it from time to time by the Manager of the Trust.

The Board of Directors of Westfield America Management Limited

Westfield America Management Limited is the Manager of the Trust.

The ultimate responsibility for corporate governance of the Manager resides with its Board of Directors which comprises ten directors, five being Non-Executive Directors. The Chairman of the Board is F P Lowy AO, and the Deputy Chairman is F G Hilmer AO. It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Trust, and non-executive members who have outstanding track records and reputations attained at the highest levels of industry and who are able to bring to the Board a broad range of general commercial expertise and experience.

The membership of the Board is reviewed by the full Board from time to time having regard to the ongoing needs of the Trust. The appointment of a new member to the Board is only made after consultation with, and consensus being achieved among, the Non-Executive Directors.

Full Board meetings are held at regular intervals with about ten regular meetings being held during a financial year and additional meetings being held if necessary. In advance of Board meetings Directors are provided with Board reports containing sufficient information to enable informed discussion of all agenda items. Any Non-Executive Director may, if that Director deems it necessary, seek independent legal advice on any matter connected with the performance of their duties. In such cases, the Company will reimburse the reasonable costs of such advice. Directors are asked to notify the Company Secretary in advance of seeking such advice.

The procedures for establishing and reviewing the compensation arrangements for the Manager are specified in the Trust Deed constituting the Trust.

The names of the Directors of the Manager in office at the date of this statement are set out on page 20.

Board Responsibilities

The Board of the Manager seeks to ensure that the operations of the Trust are being effectively managed in a manner that complies with Trust Deed requirements, are properly focussed upon the business objectives of the Trust, and conform to regulatory and ethical requirements.

The Board has established an Audit and Compliance Committee to assist it in discharging its responsibilities. This committee is described below.

Audit and Compliance Committee

The Audit and Compliance Committee comprises two Non-Executive Directors and one Executive Director of the Manager, namely:

F G Hilmer AO (Chairman)

D M Gonski

D H Lowy

The primary function of the Audit and Compliance Committee is to ensure that an effective internal control framework exists through the establishment and maintenance of adequate internal controls to safeguard the assets of the Trust and to ensure the integrity and reliability of financial and management reporting systems. The Audit and Compliance Committee:

- reviews and reports to the Board on the half-yearly and annual reports and Financial Statements of the Trust;
- is responsible for nominating the external auditor and reviewing the adequacy, scope and quality of the annual statutory audit and half yearly statutory audit review;
- reviews the effectiveness of the internal control environment, including the effectiveness of internal control procedures;
- monitors and reviews the reliability of financial reporting;
- monitors and reviews the compliance of the Manager with the Trust Deed and applicable laws and regulations;
- determines the scope of the internal audit function to ensure that its resources are adequate and effectively used, including the co-ordination of the internal and external audit functions.
- monitors the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Trust.

The Audit and Compliance Committee has accepted as a matter of principle that the Manager should have in place an adequate compliance and control framework based upon appropriate written procedures, policies and guidelines to enable the areas of legal risk to the Trust to be identified and appropriately reacted to and to ensure that members of staff are informed as to those areas of material legal risk relevant to the operational activities in which they were engaged.

Compliance officers have been appointed for the Trust and are responsible for reviewing and monitoring the efficacy of compliance systems on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities, and to report to the Audit and Compliance Committee on the operation of compliance procedures.

The Audit and Compliance Committee meets with the internal and external auditors at least twice a year and more frequently if required. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Compliance Committee or the Chairman of the Board.

The Audit and Compliance Committee reports to the full Board after each committee meeting.

Twenty Largest Ordinary Unitholders as at 29 January 1999

The percentage of the total holding of the 20 largest Ordinary Unitholders in the Trust is 71.35% as at 29 January 1999.

		NO. OF ORDINARY UNITS	% OF ISSUED ORDINARY UNITS
1	WestUS Pty Limited	163,023,112	18.02
2	Cordera Holdings Pty Limited	67,572,059	7.47
3	Westpac Custodian Nominees Limited	56,643,833	6.26
4	Westfield US Investments Pty Limited	45,284,198	5.01
5	AMP Life Limited	41,715,028	4.61
6	National Nominees Limited	39,993,191	4.42
7	Chase Manhattan Nominees Limited	37,240,340	4.12
8	MLC Limited	33,103,423	3.66
9	Perpetual Trustees Australia Limited	29,536,505	3.30
10	Permanent Trustee Australia Limited	18,439,334	2.04
11	Permanent Trustee Australia Limited	18,302,612	2.02
12	Zurich Australia Limited	13,263,301	1.47
13	BT Custodial Services Pty Limited	12,528,925	1.39
14	Permanent Nominees (Aust) Limited	12,510,451	1.38
15	Queensland Investment Corporation	11,375,793	1.26
16	Perpetual Trustees Victoria Limited	10,946,813	1.21
17	Mercantile Mutual Life Insurance Company Limited	8,768,771	0.97
18	Perpetual Trustees Company Limited	8,616,643	0.95
19	Permanent Trustee Australia Limited	8,287,697	0.92
20	AMP Nominees Pty Limited	7,898,892	0.87
		646,771,758	71.35

SPREAD OF ORDINARY UNITHOLDERS AS AT 29 JANUARY 1999

HOLDING	NO. OF UNITHOLDERS
1- 1,000	360
1,001 - 5,000	3,470
5,001 - 10,000	1,537
10,001 - 100,000	1,761
100,001 and over	201
Total number of Ordinary Unitholders	7,329

167 ordinary unitholders hold less than a marketable parcel.

There is one holder of the Special Options. At a meeting of unitholders, on a show of hands each unitholder who is present in person or by proxy has one vote and on a poll every such unitholder has one vote for each unit. Holders of the Special Options have no right to vote at a meeting of unitholders.

Twenty Largest Partly Paid Unitholders as at 29 January 1999

The percentage of the total holding of the 20 largest Partly Paid Unitholders in the Trust is 91.24% as at 29 January 1999.

		NO. OF PARTLY PAID UNITS	% OF ISSUED PARTLY PAID UNITS
1	National Nominees Limited	533,801	17.22
2	Citicorp Nominees Pty Limited	481,666	15.54
3	ANZ Nominees Limited	416,666	13.44
4	HKBA Nominees Limited	351,666	11.34
5	Westpac Custodian Nominees Limited	173,542	5.60
6	Permanent Trustee Company Limited	144,987	4.68
7	Warbont Nominees Pty Ltd	140,470	4.53
8	Permanent Trustee Company Limited	99,376	3.21
9	Queensland Investment Corporation	90,000	2.90
10	Queensland Investment Corporation	90,000	2.90
11	Permanent Trustee Australia Limited	60,657	1.96
12	DBM Investments Pty Limited	54,610	1.76
13	Nassa Investments Pty Ltd	48,000	1.55
14	Australian Foundation Investment Company Limited	39,840	1.29
15	Queensland Investment Corporation	36,000	1.16
16	Mercantile Mutual Life Insurance Company Limited	26,079	0.84
17	S J A Pty Limited	13,121	0.42
18	Suncorp Life & Superannuation Limited	10,600	0.34
19	MLC Lifetime Company Limited	9,480	0.31
20	National Mutual Trustees Ltd	7,884	0.25
		2,828,445	91.24

SPREAD OF PARTLY PAID UNITHOLDERS AS AT 29 JANUARY 1999

HOLDING	NO. OF UNITHOLDERS
1- 1,000	967
1,001 - 5,000	62
5,001 - 10,000	5
10,001 - 100,000	11
100,001 and over	7
Total number of Partly Paid Unitholders	1,052

Partly Paid Unitholder Voting Entitlement.

Prior to the payment of the Final Instalment, the Partly Paid Units are not entitled to vote at meetings of unitholders in Westfield America Trust, except where the Corporations Law or the Listing Rules requires that Partly Paid Units carry an entitlement to vote, in which case the voting entitlement equals the paid up amount divided by 95% of the preceding 20 day weighted average sale price of ordinary units adjusted for distributions.

DIRECTORY

Manager of the Trust

Westfield America Management Limited
(ACN 072 780 619)

Registered Office

Level 24, Westfield Towers
100 William Street
Sydney NSW 2011
Telephone: (02) 9358 7000
Facsimile: (02) 9358 7881
Website: www.westfield.com.au

Directors of Westfield America Management Limited

Frank P Lowy AO *Chairman*
Frederick G Hilmer AO *Deputy Chairman*
Robert A Ferguson
David M Gonski
Stephen P Johns
David H Lowy
Peter S Lowy
Steven M Lowy
Dean R Wills AO
Carla Zampatti AM

Secretary

Craig van der Laan de Vries

Director of Funds Management

Trevor Gerber

Trust Manager

Daniel Rubinstein

Auditors

Ernst & Young
The Ernst & Young Building
Level 16, 321 Kent Street
Sydney NSW 2000

Trustee

Perpetual Trustee Company Limited
(ACN 000 001 007)
39 Hunter Street
Sydney NSW 2000

Investor Information

For enquiries regarding your investment, ring or write to:

Investor Relations Department
Westfield America Management Limited
Level 24, 100 William Street
Sydney NSW 2011
Telephone: (02) 9358 7459
Facsimile: (02) 9358 7881
Freecall Outside Sydney: 1800 689 393

Unit Registry

For enquiries related to the Register, ring or write to:

Computershare Registry Services Pty Limited
(ACN 078 279 277)
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: (02) 8234 5222
Facsimile: (02) 8234 5050

Listings

Westfield America Trust
on *Australian Stock Exchange*
Westfield America, Inc.
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